

The complaint

Ms H complains about AA Underwriting Insurance Company Limited's ("AA") decision to decline her claim under her home insurance policy.

What happened

Ms H says her ceramic hob was damaged accidentally when an item fell from a cupboard above causing the glass to crack. Ms H reported this to AA, but they declined her claim on the basis only free-standing cookers were covered – and not a hob built into a worktop. Ms H says the policy wording on this was unclear, so she complained. AA responded and explained, to be classed as a content, Ms H's ceramic hob needed to be free-standing, but this was inset into the kitchen worktop. They said this meant the ceramic hob would be classed as part of the buildings – so accidental damage cover for buildings would be required. They said Ms H didn't have this cover so they couldn't progress her claim.

Our investigator looked into things for Ms H. She thought AA's decision to decline the claim was unreasonable and recommended they settle the claim and pay 8% simple interest. AA disagreed so the matter has come to me for a decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I've decided to uphold the complaint. And, I think the investigator's recommendation is a fair way to resolve matters.

My role requires me to say how a complaint should be settled quickly and with minimal formality and so I'll focus on what I consider to be the crux of the complaint and the main areas of dispute. The accident circumstances don't appear to be in dispute. The dispute relates to the interpretation of a specific term within the policy and whether Ms H's ceramic hob falls within this definition. The policy documents show Ms H has accidental damage cover for her contents insurance but not her buildings insurance. So, I agree with AA's decision not to cover the claim under Ms H's buildings insurance. I've then considered whether it should be covered under Ms H's contents insurance.

My starting point is Ms H's contents insurance policy booklet. This sets out the terms and conditions and defines 'building' as *"Your home as shown in the Statement of Insurance and, if they form part of the property...fixtures and fittings which belong to you as owner of the home..."*

It defines 'contents' as *"Household goods...Fixtures and fittings which belong to you as tenant of your home."* The definition of 'fixtures and fittings' includes, *"Built-in domestic appliances."* The policy says Ms H is covered for accidental damage to *"ceramic hobs or tops on free-standing cookers."*

There's a dispute between the parties in relation to the term *"ceramic hobs or tops on free-standing cookers."* AA say this policy term should be read as, both a ceramic hob or other

type of top will only be covered under this section if it's part of a free-standing cooker. They say the part of the term which refers to 'free-standing' applies to both 'ceramic hobs' and 'tops'. Ms H believes the term ceramic hobs is exclusive of the 'free-standing' reference in the term and she understood this to mean she was covered for a ceramic hob, in its own right, as well as tops on a free-standing cooker.

The Insurance Conduct of Business Sourcebook ("ICOBS"), under ICOBS: 2.2.2 R requires information from a business to be clear, fair and not misleading. I agree AA's interpretation of this section of the policy is one way of reading the term. But I also agree Ms H's interpretation presents another, and not unfair or unreasonable, way of reading the term. That being the case, I understand why this led Ms H to believe her ceramic hob, while not being part of a free-standing cooker, would be covered under her contents insurance. While I accept it might well have been AA's intention for ceramic hobs not to be covered under the contents policy unless it's part of a free-standing cooker, I believe the wording has left it open to a different interpretation – and one which I can't say is unreasonable in the circumstances. And on this basis, given the ambiguity, I would look favourably on the party that hasn't drafted the wording – in this case, that's Ms H.

I think it's also important to point out that, looking at all the policy documents collectively, I'm persuaded why this would've reinforced Ms H's understanding about her ceramic hob being covered under the contents insurance. I've looked at the Insurance Product Information Document ("IPID") for Ms H's contents insurance policy and this says cover is provided for loss or damage to contents caused by "*Accidental damage for bigger electrical and gas items in your home such as cookers...*" The IPID for the buildings insurance policy doesn't make any reference to circumstances where ceramic hobs or tops might fall within the buildings insurance cover.

AA say it's clear the contents cover is for 'free-standing' items – and they say the buildings cover would sensibly and reasonably include built-in appliances. I do acknowledge this point, but I think there's further ambiguity created by the policy terms and conditions. It says the contents section of the policy covers accidental damage to "*domestic electrical or gas equipment or appliances which are not designed to be portable.*" If AA's argument is that, because Ms H's ceramic hob is built into the worktop, it therefore isn't free-standing, then that suggests it's also not portable. So, that would appear to fall within the scope of this term as the ceramic hob is an appliance which, if I take AA's view that it's built-in, would mean it isn't designed to be portable.

Taking this all into account, and given the ambiguity created by the terms and conditions, I think AA should settle Ms H's claim in line with the remaining terms and conditions of the policy. Given that Ms H has already bought a replacement, AA should pay 8% simple interest on the settlement amount.

Putting things right

I've taken the view that AA have unfairly declined Ms H's claim. So they should settle Ms H's claim in line with the remaining terms and conditions of the policy. AA should also pay 8% simple interest on the settlement amount from the date Ms H bought the replacement hob to the date of settlement. AA should provide Ms H with a certificate showing any taxation deducted.

My final decision

My final decision is that I uphold the complaint. AA Underwriting Insurance Company Limited must take the steps in accordance with what I've said under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 19 June 2023.

Paviter Dhaddy
Ombudsman