

The complaint

Mrs R complains about QIC Europe Ltd's ("QIC") decision to decline her claim and void her home insurance policy.

What happened

Mrs R's home was broken into, and a number of valuable items were stolen. She reported this to QIC who repaired a door and also arranged for an agent to value Mrs R's valuables. QIC then contacted Mrs R and explained they'd decided to void her policy on the basis Mrs R hadn't provided accurate information about the value of her jewellery. They said, had they been made aware of the actual value, they wouldn't have offered a policy. So they decided to cancel the policy from its start date and treat it as though it never existed. And because of this, they said there's no cover under the policy for Mrs R's property or any of the contents. Mrs R complained about QIC's decision as she felt their decision to void her policy was unfair. She accepted she'd underinsured her jewellery but felt QIC should at least pay the £10,000 limit of cover she had in place. QIC responded and explained the questions they asked about the value of Mrs R's valuables were clear and, had they been answered accurately, they wouldn't have offered a policy as it would fall outside of their underwriting acceptance criteria – so they wouldn't cover the claim. They explained, while they intend to void the policy, they'll issue a refund of the premium paid.

Our investigator looked into things for Mrs R. He thought QIC hadn't acted unfairly in voiding the policy and agreed they should refund the premium. He also recommended QIC refund the £200 excess paid by Mrs R. QIC agreed but Mrs R 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. I understand Mrs R will be disappointed by this but I'll explain why I have made this decision.

My starting point is Mrs R's home insurance policy, which sets out the terms and conditions. Under a section headed 'Providing accurate and complete information' it says a copy of the questions and answers that Mrs R gave QIC, when taking out the policy, is available for Mrs R to view and "*You must check this information carefully and let us know immediately if any of the information you have given us is incorrect.*"

It goes further to say, when taking out the policy, "*You must take reasonable care to give accurate and complete answers to all questions we ask and make sure that all information you give us is true and correct.*" The terms and conditions then describe what action QIC is able to take if they find the information Mrs R has given isn't correct – and this includes cancelling the policy, refuse to pay a claim and treat the policy as though it never existed.

In this case, the dispute relates to QIC's decision to void the policy on the basis that Mrs R didn't provide an accurate valuation for her valuables – which they then later discovered were valued at a sum which exceeded their underwriting criteria. So, the first point I've considered is what question did QIC ask. The information shows Mrs R first took out the policy in 2019 using a price comparison website. This provided a description of what valuable items need to be declared. It asked how much it would cost for Mrs R to replace her valuable contents items worth less than a specified limit and whether she would like to insure any items worth more than the specified limit. Mrs R was then offered a policy by QIC and she was given the opportunity to amend any of the answers she'd given. Two of the questions relate to valuables in the property. One question asked, "*Is £10,000 enough to replace all your valuable contents items (each worth £2,000 or less) inside your home?*" Mrs R answered this as 'Yes'. The other question asked, "*Do you have any valuables or personal items worth over £2,000 each (not including bicycles)?*" Mrs R has answered this as 'No'.

The theft occurred in the policy year 2021 to 2022, so I've looked at the renewal information sent to Mrs R. This said "*Our renewal decision is based on your request for cover and what you have told us about your home. This information is recorded in your questions and answers, which can be found in your online account. Please take a moment to review this document along with your policy schedule...as you need to let us know if anything is incorrect.*" A 'Questions and Answers' document was sent setting out the details from the previous year. This listed the same two questions mentioned above, with the same answer provided by Mrs R. The policy schedule sets out the cover limits and notes a limit of £10,000 for "*Total unspecified valuable items inside the home – each worth £2,000 or less.*" QIC say, at renewal, had Mrs R answered 'No' to the question about whether £10,000 was sufficient cover for her valuables – as they believe she should've done – then they wouldn't have provided cover.

The terms and conditions defines 'valuables' as "*Articles made from or containing gold,...jewellery...*" It goes further to say "*The value of some of your personal belongings and valuables is likely to vary over time. We recommend that you review the valuation of any specific items regularly (at least every two years) and get professional advice if necessary. Please let us know if the value of any of these items changes, otherwise you may find yourself overinsured or underinsured.*" It goes further to say, "*It is your responsibility to make sure that, at all times, the contents sum insured reflects the full value of the property insured. This is how much it would currently cost to replace each item as new...*" So, I think the questions QIC asked were clear and also set out what they wanted to know – and how to ensure the information would be accurate.

The next point I've considered is whether Mrs R's answer was reasonable. As part of the claim process, Mrs R sent QIC a list of all items of jewellery stolen. This amounted to significantly more than £10,000. QIC then instructed an agent to prepare a report regarding the stolen valuables and they arrived at a total valuation for all items worth over £2,000 and all items worth £2,000 and under. QIC then declined the claim and voided the policy as the total value of jewellery items worth under £2,000 each differed significantly from the £10,000 that Mrs R confirmed was an adequate level of cover when renewing her policy. And, the total value of jewellery items which exceeded £2,000 each was also higher than the limit set by QIC's underwriting criteria.

There's no dispute Mrs R didn't value her jewellery items worth less than £2,000 each, and she didn't disclose to QIC that £10,000 wasn't enough to replace these valuables. Mrs R says she read the policy and noticed she's insured for £10,000 for personal items and accepts this was an oversight on her part for not understanding the value of her jewellery. She says she interpreted the question as, 'is £10,000 enough to cover her items?' Which is why she answered 'Yes'. Mrs R says most of her jewellery was either bought for her as

presents or she inherited it. She says she never really thought about things increasing in value and had no idea of their current value. I acknowledge Mrs R's points, but the terms and conditions did make her aware that the price of items of jewellery can vary over time – and that's why she should get those items valued regularly. At the point the theft occurred, Mrs R had the policy for more than two years so, in line with the terms and conditions, she was required to carry out a valuation, using an expert if necessary. And I believe it's more likely than not this would've provided, not only a more accurate valuation, but one which would've exceeded £10,000. So, taking this into account, I don't think Mrs R's answer was reasonable.

The next point I've considered is what impact the answer had on QIC in order to decide what action they can fairly take. QIC have provided their underwriting acceptance criteria. I'm afraid I can't share this with Mrs R because it's commercially sensitive, but I've checked it carefully. And, I'm satisfied, had Mrs R provided an accurate valuation for her jewellery worth over £2,000 and £2,000 and under, QIC would've declined to offer a policy. So, I can't say they've acted unfairly in voiding the policy.

I acknowledge Mrs R says QIC repaired the glass to her door, yet they're claiming they can't provide cover for the remainder of her claim. QIC say the reason they covered this repair was to ensure Mrs R's property was safe and secure. They say, at this point, they weren't aware, and they had no indication, the policy wasn't valid. They say, following the voidance of the policy, they took the decision to not recover these costs. I think QIC acted fairly in ensuring Mrs R's property was safe and secure and handling this prior to determining cover for the remainder of Mrs R's claim.

I can see Mrs R has requested whether QIC are able to cover at least the £10,000 limit which her policy allows. I acknowledge Mrs R's reasons for why she feels this would be reasonable but I'm sorry to disappoint Mrs R as I can't fairly ask QIC to cover this. I say this because the information provided by QIC shows they wouldn't have offered Mrs R a policy – and this is why they've voided it. Given that the policy has been cancelled from the start – and therefore as though it never existed – it's not unreasonable for QIC to decline to pay the £10,000 limit. In light of the voidance though, I think it's fair and reasonable in the circumstances for QIC to refund the premium and excess to Mrs R.

I am sorry to hear about the impact the theft had on Mrs R, and I do acknowledge she was left very upset with QIC's decision. I wish to reassure Mrs R that I have carefully considered the points she has raised, and I acknowledge she says she was open and honest in relation to the claim and acted in good faith when taking out the insurance. I know my decision will be disappointing for Mrs R but I can't say QIC have acted unfairly in taking the action they have given that the evidence shows, had they been made aware of the total valuation of the jewellery, they wouldn't have offered Mrs R a policy.

Putting things right

I've taken the view that QIC haven't acted unfairly in voiding Mrs R's policy and declining her claim. But, given the voidance, they should refund the premium paid as well as the excess, if they haven't done so already.

My final decision

My final decision is that I uphold the complaint. QIC Europe Ltd 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 Mrs R to accept or reject my decision before 22 June 2023.

Paviter Dhaddy
Ombudsman