

## **The complaint**

Mr E complains that Premier Plus Limited sold him a home insurance policy that didn't meet his needs and led to him not getting a full settlement on his claim.

## **What happened**

In August 2021 Mr E moved into a new property. He arranged home insurance through a broker – Premier Plus.

In December 2021 Mr E's home was burgled with a significant amount of his wife's jewellery taken. He made a claim on the insurance for the stolen items. On doing so, he was told that the policy had the following limits on valuable items:

- There was no cover provided for unspecified items over the value of £2,500.
- The limit for cover for valuable items was £30,000.
- There was an endorsement that limited cover for jewellery and watches at home when not being worn to £10,000 if they were not kept in a safe.

This meant that the settlement offered by the insurer was significantly lower than what Mr E claimed for.

Mr E was unhappy with this. He said while he had been aware of the specified item limit, he hadn't been made aware of the overall limit to his valuable items. Or the requirement for jewellery and watches to be stored in a safe while at home. He said Premier Plus should have made him aware of the limits as if he'd known about them, he would have sought cover elsewhere.

He made a complaint to Premier Plus but it didn't uphold it. It said that before Mr E took out the policy it sent the documents to him to review, that contained the relevant limit and endorsement. So it was for Mr E to check the cover met his needs. It also said it made him aware that any items that were worth more than £2,500 would need to be specified with valuations provided. And Mr E didn't do this.

Mr E didn't think this was fair. He said he was aware of the specified item limit and had forgotten to take the required action for these, so accepted they wouldn't be covered under the policy. But he said he hadn't been aware there was a limit of £30,000 for valuable items and that jewellery and watches needed to be stored in a safe. He said when he first raised the issue with Premier Plus, it had admitted it hadn't been aware of the endorsement for jewellery and watches itself and that it was hidden at the end of the policy documents so was unclear. And this shows it was reasonable that he hadn't been aware of the endorsement himself. He brought his complaint to this service.

Our investigator considered the issues and recommended the complaint be upheld. He said he didn't think Premier Plus made the limit or endorsement clear and, as these were significant and unusual terms, it had a responsibility to do so. He thought Premier Plus

should pay the remainder of Mr E's contents claim that hadn't been paid out by the insurer, with the exception of items that were worth more than £2,500. He also said Premier Plus should pay 8% interest on this amount to make up for the time Mr E had been without the funds.

Mr E accepted our investigator's outcome, however Premier Plus didn't. It said Mr E was a sophisticated customer as he had lots of experience with property insurance as part of his job. It therefore said it was reasonable to expect Mr E to read and understand the policy documents it provided him with, and these included clear information about the limits of the policy. So it thought it had done enough to meet its obligations as a broker carrying out a non-advised sale. It asked for the complaint to be reviewed by an ombudsman.

### **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.

When an insurance policy is sold by a broker as part of a non-advised sale, as here, the broker has an obligation under rules set out by the Financial Conduct Authority (FCA) to provide clear, fair and not misleading information about the policy. This includes appropriately highlighting any policy terms or limits that are significant or unusual. Then it is up to Mr E to decide whether the policy meets his needs or not.

Here, the policy terms in question are the limit to valuable items of £30,000. And the endorsement requiring jewellery and watches to be stored in a safe in order to avoid an additional limit of £10,000 for these items. I consider both of these to be significant terms, as they have the potential to significantly reduce the settlement that might be paid out as a result of the claim. And the endorsement relating to jewellery and watches required Mr E to take action in order for cover to not be reduced further. Therefore, Premier Plus had an obligation to ensure they were both appropriately highlighted to Mr E.

I've considered the information provided to Mr E when he took out the policy. When he requested the insurance he asked for a limit of £100,000 for contents. In response Premier Plus attached a quotation and explained the following in the body of the email:

*'...I have assumed the following:-*

- 9+ years no claims discount (and you have not had any claims recently)*
- Accidental damage for both buildings and contents has been included.*
- That you have no specific single items over £2,500 (these need to be listed individually if you do)*
- Any items less than £2,500 individually away from the home are included up to a total of £2,000 (this figure can be increased if you have more items taken away from the home that total more than £2,000)*
- Mobile phones (over £500) and pedal cycles (over £1000) have not been included'*

In the documents attached to the email, the front page states:

*'Contents cover: £100,000 contents cover including full accidental damage cover'*

It isn't until the fifth page of the documents that a limit to the cover for valuables is mentioned. And in relation to the endorsement for jewellery and watches it only mentions that there may be endorsements applied to the policy. There are no details of the endorsement requiring Mr E to store these in a safe.

On the basis of this information, Mr E responded to say he would later add on his specified items above the value of £2,500. And confirmed he would go ahead with the policy.

At this stage he was sent the full policy documents including the policy schedule. This contained details about the policy limit for valuables and on the final page included the endorsement in relation to the jewellery and watches.

I've considered this and I don't think Premier Plus met its obligation to make these significant terms clear to Mr E. He asked specifically for £100,000 worth of contents. And the documents at point of sale appeared to provide this. The limit to valuable items reduced this significantly but it was hidden on page three of the document, with no reference at all to the endorsement that required the use of a safe. While Premier Plus drew his attention to the specified items limit, it didn't explain these further limits and I don't think they were clear enough in the policy considering their significance.

Further, in his discussions with Premier Plus in relation to the £2,500 limit for specified items, Mr E specifically mentions that he will have some watches and jewellery to specify. This should have been enough to indicate to Premier Plus that he would need to be made aware of the endorsement limiting cover for these items to £10,000 if not kept in a safe. And that he may exceed the limit for valuable items overall.

I've considered what Premier Plus has said about Mr E being a sophisticated customer. And I agree that he would have a greater understanding than some customers who have less experience with property. However I consider the terms in question to not just be significant but also relatively unusual when it comes to home insurance. As they aren't standard in most home insurance policies. And Mr E made his requirements for limits to contents cover clear when instructing Premier Plus to assist with his insurance purchase. So I still think it had an obligation to make the limit and endorsement clear to Mr E, by highlighting the terms, when he was buying the policy. And from what I've seen it didn't do this.

Based on this, I am not persuaded that Premier Plus met its obligation to ensure significant or unusual terms are highlighted in the policy when its sold. So I agree it got something wrong and should take action to put Mr E in the position he would have been in had it not.

Since understanding the level of cover the policy provides for his valuable items, Mr E has chosen to purchase insurance elsewhere. I therefore think if it had been brought to his attention at the point of sale, then he would have chosen to go with a policy that did cover his valuables up to the limit requested without the need to keep the items in a safe. And that means to put him back in that position, he should receive payment for his full contents claim. I therefore agree with our investigator that Premier Plus should pay Mr E for any additional items above what the insurer has already paid for. As Premier Plus made the term regarding items above the value of £2,500 clear, this should exclude any items that are above this value.

As Mr E should have received payment for these items when he originally made his claim, this means he has been without the additional funds for longer than he should have done. For this reason Premier Plus should also pay 8% simple interest on the amount from the date the claim settlement should have been paid until the date Premier Plus makes payment.

### **My final decision**

For the reasons I've given, I uphold Mr E's complaint and direct Premier Plus Limited to:

- Pay the remaining amount for Mr E's contents claim, in line with the remaining policy terms and conditions without applying the limit for valuable items or the endorsement

for jewellery and watches. This should exclude any single items that are of the value of £2,500 or more.

- Pay 8% simple interest on this amount from the date the claim should have been paid until the date Premier Plus makes payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 3 October 2023.

Sophie Goodyear  
**Ombudsman**