

## **The complaint**

Ms B complains that Haven Insurance Company Limited unfairly voided her home insurance policy after she made a claim.

Where I refer to Haven, this includes the actions of its agents and claims handlers for which it takes responsibility.

## **What happened**

The detailed background to this complaint is well known to both parties, so I'll only summarise the key events here.

In September 2023, Ms B took out a home insurance policy via a price comparison site. During the sale process, she was asked whether works were being carried out to her property at the time, and she answered yes. No follow up questions were asked, nor was Ms B contacted for further information after the policy started.

A month later, Ms B's builders removed the render from the front of her property and found cracking. She called Haven and was advised over the phone that she wasn't covered for this. She pointed out that her policy covers subsidence and asked that someone come and look at the cracking.

Haven agreed for Ms B to email over photos of the cracking for it to review, which she did. And it informed her the cracks weren't subsidence, rather it believed there was an issue with the bressummer beam above the bays which isn't something the policy covers. It recommended that Ms B contact her previous insurers as it was unlikely the cracking had occurred in the last month, and it might be covered by the policy which was in place at the time it more likely occurred.

Ms B was then asked by Haven for details of the works being undertaken to her property, in particular the contract price. Ms B provided details of the works and the cost.

Haven told Ms B that her policy had an endorsement which applies whilst works were ongoing and that renovations should be for less than £20,000. As the cost of Ms B's works were in excess of this amount, it said Ms B should've declared this as a material fact and that she'd made a careless misrepresentation. Haven voided the policy and refunded the premiums.

Ms B raised a complaint, which she brought to our Service. And our Investigator upheld it. He said Haven didn't ask Ms B about the cost of works during the sale process, so a misrepresentation hadn't occurred, and it should put things right.

As Ms B had already sought a new policy elsewhere and she'd had the cracks repaired herself, our Investigator recommended Haven remove the policy voidance, pay any difference in policy premiums for the new policy, and pay £500 compensation.

Ms B accepted this, but Haven didn't. So the complaint has been passed to me to decide.

## **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.

The relevant law in this case is The Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). This requires consumers to take reasonable care not to make a misrepresentation when taking out a consumer insurance contract (a policy). CIDRA allows an insurer to take certain remedies in situations where it can show a qualifying misrepresentation has occurred.

Haven says Ms B didn't disclose the contract price and had it known the amount, it wouldn't have offered a policy. But it hasn't shown that it asked Ms B any questions about the contract price during the sale process.

As a consumer, it's not for Ms B to know what a material fact is. Rather, the obligations are on Haven to ask clear and specific questions to ascertain the information it requires to assess the risk. And Ms B is required to give correct and complete answers.

As no question was asked about the contract price, no misrepresentation has occurred.

Haven says an endorsement was added to Ms B's policy which she should've read. It's provided a screenshot of the webpage Ms B would've seen which tells her to view the excesses applicable to her policy, the endorsements applicable, and links to the policy documents. But I'm not satisfied this is enough to highlight to Ms B a significant and unusual policy term. It's listed amongst standard policy documents and excesses which doesn't bring the important information to Ms B's attention.

Furthermore, even if Ms B had read it, the endorsement says the *"renovations should cost less than £20,000"*. This doesn't say Ms B can't have works carried out above this amount and it doesn't tell her what to do if she's already in the process of having works carried out above this amount – which is the case here. It only says to contact Haven if Ms B isn't living at the property whilst the works are ongoing. So I don't agree Ms B was in breach of the endorsement either.

For the reasons, I'm not persuaded it was appropriate or fair for Haven to void Mrs B's policy as there was no reasonable grounds to do so.

I've no doubt this would've caused Ms B a significant amount of distress and inconvenience given the implications a voided policy can have. She would've had to disclose that she'd had a policy voided, which is likely to have affected her ability to get insurance cover elsewhere and the cost of it. So she should be fairly compensated and reimbursed any financial losses as a result of Haven's actions.

## **My final decision**

For the reasons I've explained, I uphold this complaint and direct Haven Insurance Company Limited to:

- Remove the policy voidance along with any record of this against Ms B, and issue a letter confirming it's done so for Ms B to provide to any current insurers;
- If there is any difference in premiums for Ms B's new home insurance policy arising from the voided policy which she is unable to recover with the current insurers by

providing the letter above, Haven should pay Ms B the difference in cost (subject to proof being provided) plus 8% simple interest per annum from the date she paid the premium until the date she's reimbursed.

- Pay £500 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 18 September 2024.

Sheryl Sibley  
**Ombudsman**