

The complaint

Mr and Mrs B complain about the decline of their accidental damage claim under their home insurance policy with Advantage Insurance Company Limited ('Advantage').

Although this was a joint policy, as Mr B has primarily been dealing with the claim and complaint - I'll mainly refer to him in my decision.

What happened

The background to this complaint is well known to Mr and Mrs B and Advantage. In my decision, I'll focus mainly on giving the reasons for reaching the outcome that I have.

Mr and Mrs B made a claim on their contents insurance policy for damage to a laptop. Advantage declined the claim as they said there was no identifiable cause for the damage. Mr and Mrs B complained about the claim decline and as they remained unhappy with Advantage's response, they referred the complaint to our Service for an independent review.

Our investigator recommended the complaint be upheld and as Advantage didn't accept her recommendations, the complaint has been referred to me for a final 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.

Our Service is an alternative, informal dispute resolution service. Although I may not address every point raised as part of this complaint - I have considered them. This isn't intended as a discourtesy to either party – it simply reflects the informal nature of our Service.

The scope of my decision

In response to our Investigator's assessment, Advantage said:

"....it seems you're placing your opinion on how the damage has happened however, that's not your role to do so. Respectfully, your role to is review the evidence and determine if we've applied the policy terms fairly, which in this case I maintain that we have...."

My decision will consider whether Advantage have fairly considered this claim and whether they've declined it fairly and in line with the policy terms. I'll also be considering the service provided by Advantage when considering the claim. It's not my role to determine the proximate cause of the damage here. But when considering the claim response by Advantage, I will keep in mind the circumstances of the loss, as presented by Mr B.

Have Advantage fairly considered this claim before declining inline with the policy terms?

Advantage have relied on the policy definition of accidental damage to decline the claim. For reference it is:

‘sudden, unexpected and physical damage from an external identifiable cause which has not been caused on purpose’.

Having considered the evidence and arguments presented by both parties, I uphold this complaint and find that Advantage have unfairly applied the policy definition of accidental damage when declining this claim. I'll explain why below.

Advantage say Mr B hasn't been able to identify how the damage occurred. Initially he thought it may have been caused by something coming between the keyboard and screen, or maybe the laptop was closed too hard. They have pointed to Mr B taking the laptop to the manufacturer's retail store and perhaps being influenced by their adviser referencing that the damage being claimed for can occur if a laptop is shut too hard.

On the other hand, Mr B has said he had been using the laptop, closed the lid and put it on a table. He later returned to it and discovered an issue with the left hand side of the screen. He arranged an appointment with the manufacturer's store and they advised that the usual causes of this type of damage were something coming between the keyboard and the screen or the laptop being shut with too much force. He then contacted Advantage to make a claim and informed them of what the manufacturer had said.

Returning to the application of the policy terms, based on the evidence presented by both parties, I find the damage meets the policy definition and - although Advantage argue otherwise, Mr B has provided a reasonable account as to how it may have occurred. Based on Advantage's repudiation letter, they have placed heavy emphasis on Mr B stating he closed the laptop 'normally'. They said:

“It was confirmed, when discussing how the lid was closed, thus [sic] was done normally. Though in the same call, we were advised it was shut too hard.”

I don't see this as a contradiction or something that undermines Mr B's account of events. Instead, I'm persuaded by his explanation:

“My use of the word normal was not at all about the strength I exerted when closing the lid. After all — how would anyone possibly remember how they specifically closed a lid on each occasion? I was genuinely shocked at how a play on words was being used against me in this claim”.

I agree with Mr B that his words have been interpreted unfairly here. To explore Advantage's argument further, it could equally be argued that Mr B 'normally' closed the laptop, with greater force than another average user may use – but that was normal to him.

I've considered Advantage's response that they need to validate claims and apply the policy terms to ensure fairness. I fully agree – but on balance, the evidence doesn't support that's what they've done here and instead have chosen to unfairly apply the policy definition to decline this claim.

In finishing, I refer to Mr B's testimony in his complaint letter:

“I genuinely understand the need for questions, as I know that there is a big problem with fraudulent claims. But do you really think that I would have come up with this story if I wanted to game the system? If I said I had dropped the laptop and that is what had caused the damage, you presumably would have been happy. But I have told the truth and would hope to be treated within the spirit of the contract we entered into when I purchased my insurance policy.”

The service provided by Advantage

The service provided may not have met Mr B's expectations, but on balance, I'm not persuaded that it was poor to the extent that financial compensation would be fair, reasonable or appropriate for this specific reason.

Summary

Mr B discovered this sudden and unexpected damage to his laptop. He wasn't sure of the proximate cause but provided an honest recollection of what happened around the time leading up to and the discovery of the damage.

Advantage are the experts in this business relationship with Mr B. Him sharing the information from the manufacturer was reasonable and in the interests of Advantage validating the claim.

On balance, I find Mr B to be a reliable witness and in the specific circumstances of this individual complaint I find the approach taken here by Advantage to be unfair and not in the interests of treating their customers fairly.

Putting things right

Advantage Insurance Company Limited need to now reconsider this claim in line with the remaining policy terms.

If this claim progresses to settlement, subject to Mr and Mrs B providing reasonable proof of payment, Advantage Insurance Company Limited will need to reimburse Mr and Mrs B for the cost of the repair to them (less any policy excess/deductions/limits) – not what the cost of repair would have been for Advantage. They should also add 8% simple interest, to be calculated from the date Mr B paid for the repair until the date Advantage Insurance Company Limited make any settlement payment to Mr and Mrs B.

My final decision

My final decision is that I uphold this complaint. Subject to Mr and Mrs B's acceptance of my decision before the deadline I've set, Advantage Insurance Company Limited now need to follow my direction, as set out under the heading 'Putting things right'.

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

Daniel O'Shea
Ombudsman