

## **The complaint**

Mr S has complained on behalf of F, a limited company, that Allianz Insurance Plc declined a claim made under F's commercial property insurance policy.

Reference to Allianz includes its agents and representatives.

## **What happened**

The circumstances aren't in dispute, so I'll summarise the background:

- In July 2023, Mr S got in touch with Allianz to make a claim following theft of F's stock during a break in. By September 2023, the claim had been declined. In summary, Allianz said Mr S hadn't met a condition relating to security measures.
- Mr S complained. He said F had reasonably met the relevant terms and conditions. Allianz maintained its position. It accepted there had been a delay communicating the claim outcome with Mr S and offered £200 compensation.
- Our investigator thought Allianz had acted fairly. Mr S disagreed. He said Allianz's decision to decline the claim had led F to close the business. And he questioned Allianz's position on some of the conditions. Whilst our investigator agreed with some of the points, she remained satisfied Allianz had fairly declined the claim overall.
- An agreement wasn't reached, so the complaint has been passed to me.

## **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 considering what's fair and reasonable in the circumstances I've taken into account relevant law and regulations, regulators' rules, guidance and standards, codes of practice and, where appropriate, what I consider to have been good industry practice at the time. Whilst I've read and taken into account everything said by both parties, I'll only comment on the points I think are relevant when reaching a fair outcome to this dispute. That's a reflection of the informal nature of this Service.
- When Mr S complained, his focus was on the declined claim. So that's what I'll consider. If he has any concerns about the way the policy was sold, including which policy terms and conditions applied, or whether Allianz ought to have surveyed the premises before offering cover, he's entitled to make a separate complaint. But I won't consider those points within this decision.
- It's not in dispute that the policy covered theft of stock in principle. The claim has been declined solely because Allianz didn't think the security condition had been met.

- The first thing for me to consider is whether Allianz has shown that F likely failed to meet this condition. If I think Allianz has done so, I'll go on to consider whether F has shown this could not have increased the risk of the loss in the circumstances. This is in line with Section 11 of the Insurance Act which says, in summary, an insurer may not decline a claim for non-compliance with a condition *if* that condition wasn't relevant to the loss or didn't increase the risk of the loss.
- The policy wording says it's a condition precedent to liability that the relevant security measures are met and sets them all out. The policy schedule says Security Level 2 applies. I won't quote the measures in full here because they're long, both parties are aware of them, and the exact wording isn't in question. But I'm satisfied Allianz made clear which measures applied and what F had to do in order to comply with them.
- Allianz said three security measures hadn't been met. I'll consider each in turn.
- Firstly, the policy said there were certain requirements for doors. Allianz said these requirements weren't met for the front door. Mr S said the theft took place at the back of the property, not the front door. I don't think that's in dispute. I understand Allianz raised this point to highlight what it considered to be widespread instances of F failing to meet the relevant security measures. But, even if that were so, I'm not persuaded any lack of front door security measures increased the risk of this particular loss, as the theft took place at the back of the property.
- Secondly, the policy said security bars or grilles should be fitted to the windows, excluding the shop front, at ground floor or basement level, or where otherwise in an accessible position. Allianz said these requirements weren't met for the window accessed by the thief.
- Mr S says the window at basement level met those requirements and there are no windows at ground floor level. He accepts the window that was accessed by the thief didn't meet those requirements – but he says it was at first floor level and not easily accessed. He's provided photos which support his position.
- The condition would only require security bars or grilles in the limited circumstances set out above. Mr S has shown the window accessed by the thief wasn't at basement or ground floor level. So the only way it could require bars or grilles is if it was in an accessible position. On the one hand, it was accessed by the thief, so it must have been in an accessible position to an extent. But I see Mr S' point that it wasn't in an *easily* accessible position. Given the basement well below it, a thief would likely have needed to use a ladder, climb up, or take similar steps, to access the window.
- Whilst it may not have been easily accessible, I'm satisfied the window was nonetheless accessible. The steps required to access it may have been inconvenient but they were seemingly little deterrent to a significant theft. So I'm satisfied F didn't meet this condition. And I think it's quite clear that not meeting this condition was relevant to the loss and increased the risk of the loss.
- Lastly, the policy said a keyholder must attend the premises as soon as possible in the event the intruder alarm is activated or faulty. Allianz said this didn't happen. I don't think this is in dispute. Mr S says the alarm had faulty sensors, so it accidentally activated from time to time, even when there was no intruder. And, on this occasion, it didn't trigger a Police response due to the fault. So he didn't need to respond when told the alarm had been triggered, as it wasn't fully activated.

- I don't think the policy materially distinguishes between requirements in response to a 'full' alarm activation and any other types of activation. It says the keyholder must attend, as soon as possible, whether the alarm is faulty or triggered by an intruder. So even if the alarm had been triggered by a fault, prompt attendance was nonetheless required. In these circumstances, I'm not satisfied F met this condition.
- Mr S says that even if he'd attended the premises promptly in response to the alarm, it may have been too late to prevent the theft. And it may not have been reasonable to expect him to risk a confrontation with thieves who could have weapons.
- I think it's quite clear the condition relating to responding to an alarm is relevant to a theft loss. And I think a prompt response is likely to decrease the risk of such a loss. I understand thieves may 'test' an alarm and only proceed if there isn't a prompt response. I don't think Allianz was suggesting Mr S might confront a thief. More that the sound of a potential response is likely to deter or limit the activity of a thief. And if Mr S attended and saw a potential theft, he could alert the Police – which would also likely limit the activity of a thief.
- Taking all of the above into account, I'm satisfied it was in line with the policy terms, the Insurance Act, and fair and reasonable in the circumstances, for Allianz to decline the claim.
- When responding to the complaint, Allianz accepted there had been a delay providing the claim outcome and offered £200 compensation. Bearing in mind the time taken to provide the outcome and the likely inconvenience F suffered during that time, I'm satisfied that's a fair and reasonable amount in the circumstances.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask F to accept or reject my decision before 5 May 2025.

James Neville  
**Ombudsman**