

The complaint

Mrs H complains that Covea Insurance plc have voided her policy and declined her claim following a burglary

What happened

Mrs H took out a buildings and contents policy with Covea through a comparison website in 2021 and renewed it in 2022.

In January 2023 Mrs H was burgled and she submitted a claim for jewellery and household goods totalling £15881 on 7 February.

Covea declined the claim and voided the policy saying that Mrs H was underinsured and had withheld information from them when applying for cover.

They said that she applied for cover for valuable items of £14800 but based on the information she has provided now in her claim, the items would cost £18365.59 to replace. Covea considered this to be a careless qualifying misrepresentation, which entitled it to void the policy and decline the claim. They did, however, return the premiums paid.

Mrs H brought her complaint to us and our investigator thought it shouldn't be upheld. He thought that there had been a qualifying misrepresentation looking at the questions and responses on the insurance application.

Mrs H doesn't agree with the investigator and has asked for an ombudsman's decision. She doesn't believe that the valuations that Covea have given for her jewellery are correct and thinks they have been inflated. And so the case came to me to decide.

I issued a provisional decision on the complaint. My provisional findings were as follows:

I'm proposing to uphold this complaint and I'll explain why

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). The standard of care is that of a reasonable consumer.

And if a consumer fails to do this, the insurer has certain remedies provided the misrepresentation is - what CIDRA describes as - a qualifying misrepresentation. For it to be a qualifying misrepresentation the insurer has to show it would have offered the policy on different terms or not at all if the consumer hadn't made the misrepresentation.

CIDRA sets out a number of considerations for deciding whether the consumer failed to take reasonable care. And the remedy available to the insurer under CIDRA depends on whether the qualifying misrepresentation was deliberate or reckless, or careless.

Covea thinks Mrs H failed to take reasonable care not to make a misrepresentation when she valued her possessions to take out cover.

The claim was made after the policy had been renewed, so I need to look at what happened at renewal and what declarations were made by Mrs H to see if she took reasonable care when responding to any questions or statements about the cover she needed for her valuable items.

When Mrs H received her renewal quote from Covea in 2022 she thought it was expensive and so she went on a comparison website and looked for other quotes. Mrs H says that in doing so she was careful to make sure she put in the pieces of jewellery over £1500 for which she had recent valuations. She then contacted Covea by phone as she had been offered cheaper cover elsewhere and wanted to see if they could match it.

I have listened to that call. The call handler says that she will go through everything and make sure its accurate, and then re run the quote to see if they can get a better premium.

The call handler asks Mrs H if she wants to keep valuables cover on the policy. Mrs H tells the call handler that she has two rings that are specified items as needing to have cover because they are over £3000. The call handler tells Mrs H that with their cover she also has cover for valuables up to £1500 and asks if she wants to retain this, to which she replies that she does. She says "I just want it as it was last year".

The call handler doesn't discuss the cover limits or ask Mrs H if she thinks the contents cover is sufficient or ask her about the collective value of her valuables or contents. She also doesn't ask what other jewellery or other valuable items Mrs H has. So, taking into account the questions that are asked during that call, and the responses given by Mrs H, I can't fairly say that any misrepresentation took place during that call.

The call handler tells Mrs H that the policy will be sent out by e mail so Mrs H can check it and ensure it offers the same cover as the cheaper alternative she was offered elsewhere.

The documents were sent out and the covering letter says:

"Please check the enclosed statement of insurance and let us know as soon as possible if you need to make a change to your cover or if your details are incorrect or missing. Failure to do so may result in your insurance being cancelled or a claim not being paid.

So I think it's a clear instruction to Mrs H to check the cover and ensure that it is adequate. Mrs H has already told first call handler that she wants the documents sent out so she can read them and compare the cover to that offered by the alternative provider, and so it's reasonable to assume that she has read the documents.

The policy documents say that cover is for contents up to £50000, and that "this includes valuables and personal belongings up to £14800, which is inclusive of any specified items below" There are two specified rings valued at £3000 and £1800. There is also a £1500 single item limit on all other unspecified items.

Just underneath the information about the cover limits, it says:

Please note:

The insured value of your contents needs to cover the entire replacement value of all your contents. If the insured value shown above represents less than 100% of the full

replacement cost of the contents of your home, we will reduce the amount claimed in proportion to this underinsurance. For example, if the insured value of your contents represents 75% of the amount need to replace all the content, we will only pay 75% of your claim.”

On the day after renewal, Mrs H rang Covea and took out the policy. The call handler asks if Mrs H has read the revised offer, and asks her to confirm that upon reading it there were no changes to make, to which she replies, “No, it’s absolutely fine”. She doesn’t go over any of the terms or the policy limits on contents or valuables, or ask her if they are sufficient.

So, I’ve thought about whether Mrs H took reasonable care not to misrepresent when she confirmed that the cover on the policy was “absolutely fine”.

Mrs H has received the policy document, and has confirmed to the call handler that she has read it and that she doesn’t want to make any changes. So I think it is fair to say that she was aware of the cover limits in the policy and is confirming that they are sufficient for her needs.

However, the evidence suggests that the value of the items stolen exceeds the level of cover, and so the valuables cover wasn’t, in actual fact, sufficient.

I think that Mrs H was aware that she owned a fair amount of jewellery. However, she has told me that she was careful to make specific provision for the two items that she considered high value. She has also told me that she thought she had provided a fair valuation for her total valuable items - and that she thought a large number of the lower value, costume jewellery items that had been purchased 10 – 15 years ago and would no longer be fashionable or hold value. I note that some were also gifts and she would not necessarily have been aware of the value.

I can see why she thought this, and Covea’s agents have actually valued a number of the fashion items as the same or lower than Mrs H’s claim form – which supports her thinking. So I do think that Mrs H had given some thought to the value of her items, and although she hadn’t correctly valued them – she had given her informed opinion of what they were worth based on some valuation evidence, and she was satisfied that £15000 would be sufficient cover.

I don’t think it was until she came to sit down and list what had been stolen that she realised that they may be worth more, and when she filled in her claim, she detailed valuables losses of over £15,000 inclusive of the two high value items, plus her laptop.

And so, on balance, I’m satisfied that when she confirmed that the policy was “absolutely fine”, she had taken reasonable care to confirm that the policy cover was sufficient, and so I’m not satisfied that Mrs H’s misrepresentation was a qualifying one, and CIDRA doesn’t apply.

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.

Covea haven’t responded to my provisional decision, but Mrs H has – although she has no further comments to make.

In the absence of any further comments or evidence, I am making my final decision in line

with my provisional findings above.

Putting things right

To put things right Covea should:

- Reinststate Mrs H's policy and have the record of its voidance removed from internal and shared databases
- Reconsider Mrs H's claim in accordance with the remaining policy terms. If the claim is valid, Covea should pay it subject to any cover limits. As Covea have refunded the year's premium, they will need to deduct the premium again from any settlement.
- Pay Mrs H £150 for the distress and inconvenience caused by voiding the policy and declining the claim.

•

My final decision

My decision is I'm upholding Mrs H's complaint and directing Covea Insurance plc to put things right as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 30 October 2024.

Joanne Ward
Ombudsman