

The complaint

A company, which I shall refer to as “H” complains U K Insurance Limited (trading as NIG Insurance policies – “NIG”) declined a claim made on a buildings insurance policy.

H is being represented in their complaint by “C”, who I may refer to below.

All references to NIG also include its appointed agents.

What happened

The details of this complaint are well known to both parties, so I won’t repeat them again here. Instead, I’ll focus on giving my reasons for my 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.

Having done so, I do not uphold the complaint for these reasons.

- The claim has been made under the Illegal Cultivation of Drugs section of the policy. This section sets out conditions that need to be met in order for the policy to engage. One of which is the policyholder, or someone acting on their behalf, has collected at least one payment from the tenant’s bank account.
- H employed the services of a managing agent to deal with the tenants at their property. C said the managing agent unfortunately hasn’t provided any evidence of payments. Because of this the NIG isn’t persuaded the condition has been met and has declined the claim. It has said should H be able to provide further information it would consider it.
- H has my natural sympathy for what’s happened and the position they find themselves in. But having reviewed matters I think the condition is set out clearly in the policy, so I think NIG is entitled to rely on it - and I don’t think it has acted unfairly.
- C said this condition and the details about the Illegal Cultivation of Drugs section of the policy were not highlighted at the point of sale. While NIG is the underwriter of the policy, the schedule shows the policy was arranged via a broker. If H believes there was an issue with the sale of the policy, this will need to be directed to the broker.
- C has also pointed to a non-validation clause in the policy. C said this was raised with NIG, but it said this didn’t apply as isn’t persuaded H drew the conditions in the policy to the managing agent’s attention. C said again that as the condition was not drawn to H’s attention at the time the policy was sold, H couldn’t have been reasonably aware. Again, as I’ve set out above, if H believes there was an issue with the sale of the policy, this will need to be directed to the broker.
- In summary having reviewed everything available to me, I don’t consider NIG have acted reasonably in its handling of the claim. NIG is entitled to rely on the conditions set out in the policy and has acted fairly in declining the claim. Additionally, it said

should H be able to provide further information regarding the payments it would consider it, which is what I would expect it to do in the circumstances.

My final decision

My final decision is that I do not uphold H's complaint.

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

Michael Baronti
Ombudsman