

The complaint

Mrs N complains her home insurance policy was mis-sold by Sainsbury's Bank Plc (Sainsbury's).

Mrs N is being represented by her daughters. For ease of reference, I've referred to Mrs N throughout this decision.

What happened

In September 2023 Mrs N bought a home insurance policy online through Sainsbury's. When she answered the questions on the application form, she declared her property was unoccupied. This meant that an endorsement applied to her policy that cover was restricted to fire, lightning, explosion or earthquake (FLEE) only.

Sometime later, Mrs N's property was damaged by water from a burst pipe. She made a claim to her insurer who declined to pay the claim as escape of water wasn't covered. She said this hadn't been drawn to her attention.

Mrs N says her home insurance policy was mis-sold to her by Sainsbury's as she wasn't advised of the restrictions in cover due to her property being unoccupied. Mrs N says the policy wording is ambiguous and unclear. She says if she had been specifically told about the limitation in cover, she would have purchased a policy that did give her the cover she required.

After Mrs N's complaint was referred to this Service, our Investigator found the policy endorsement hadn't been properly highlighted to Mrs N. So, she said that Sainsbury's should pay what the insurer would have paid, had the claim been accepted.

Mrs N accepted our Investigators findings. Sainsbury's disagreed. It said the policy was sold on a non-advised basis and Mrs N wasn't able to buy the policy without ticking a box which confirmed she had read and understood the endorsement information. It also pointed out that the exclusions were clearly set out within the policy schedule. So, it asked for an Ombudsman to consider the complaint.

I issued a provisional decision on Mrs N's complaint. This is what I said about what I'd 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 policy was sold to Mrs N after she completed a proposal form online. She disclosed the property was left unoccupied for more than 60 days. On this basis the policy was offered to Mrs N with the 'FLEE' endorsement added.

As the policy was sold on a non-advised basis, Sainsbury's has an obligation to provide information that's clear, fair, and not misleading to make sure Mrs N was given enough information to make an informed choice about whether the policy was right for her. And particularly that any unusual, significant, or onerous parts of the policy that she might not

otherwise have expected to be there were prominently highlighted and brought to her attention. I think such restricted cover and the substantial obligation on Mrs N to make sure her property was protected should have been clearly drawn to Mrs N's attention.

When Mrs N bought the policy there was a box titled 'important information about your policy' which included the endorsement. And the box had to be ticked to proceed confirming the endorsement information had been read and understood. I think the endorsements on the restrictions in cover are prominent and clearly visible at the point of application. So I think Sainsbury's did enough to highlight and make clear the FLEE endorsement at the point of purchase.

After Mrs N bought the policy, she was sent the policy documentation, which included the policy schedule. On page two of the schedule the following are set out:

"Endorsements Applicable

S004- Restricted Perils- Building

Cover under Section A – **Buildings** is restricted to 9: fire, explosion, lightning or earthquake only.

S021- Unoccupied Property Conditions

You have advised that the property is **unoccupied**. We will not pay for loss or damage unless:-

- i) An inspection of the **building**, internally and externally, is completed at least once every seven days by a responsible adult
- ii) All external doors and windows must not be boarded, bricked or secured with any metal or timber sheeting, grills or shutters, to prevent unlawful entry."

The welcome letter Sainsbury's sent Mrs N asked her to read all documents she was sent after she bought the policy to ensure she had the correct level of cover needed. But I don't think merely asking Mrs N to confirm the whole documents were correct, was adequate to highlight the endorsements. In order for Sainsbury's to fulfil the obligations set out above, I'd expect to see this significant restriction prominently highlighted within the policy schedule and or the supporting documentation it sent to Mrs N after she bought the policy, so that it was drawn to her attention. The endorsement was on page two of the policy schedule so Sainsbury's did fulfil that obligation. And I'm aware Mrs N followed the second part, which required her to make weekly inspections. So, it seems the endorsements were brought to her attention.

I sympathise with Mrs N for not realising what the endorsements meant and how it limited the cover available to her. But I'm satisfied Sainsbury's did enough to highlight the endorsements because of where it appears in the schedule. I've read the endorsement setting out the restrictions in cover and I think it's clear- it's one line in clear simple language setting out the cover available under the buildings section of the policy. So, I can't hold Sainsbury's responsible for any misinterpretation.

Mrs N has pointed out that the policy documents set out escape of water being a peril covered under the policy terms. And the schedule says the excess for escape of water was £350, thus implying that cover applied. I agree this is a little confusing. And there are parts of the policy wording that are unhelpful and unclear. But here I don't think this makes a difference- the term was prominently highlighted during the sale, and again in the policy documents. And I think the endorsement wording is clear on the limitation of the cover available under the policy. So overall, I'm satisfied Sainsbury's did enough to meet the

obligations set out above. As such, I don't intend to direct Sainsbury's to do anything further. It follows, I'm minded not to uphold this complaint.

My provisional decision

My provisional decision is I don't uphold this complaint.

The responses to my provisional decision

I invited both Sainsbury's and Mrs N to respond to my provisional decision. Sainsbury's had no further comments. Mrs N responded maintaining her position that the endorsement setting out the limitation of cover wasn't clear at the point she bought the policy. She says other insurers were transparent on the level of cover available and required her to buy the policy verbally to ensure the limitations of cover were fully understood. She says Sainsbury's didn't put adequate measures in place to ensure she bought suitable cover.

Mrs N also referred to a new complaint she has with Sainsbury's about the policy renewal. She says Sainsbury's staff members weren't able to confirm whether it offered cover for unoccupied properties. She says if Sainsbury's doesn't know what cover it offers, how are customers expected to know.

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.

I've carefully considered Mrs N's submissions. As I set out in my provisional decision, Sainsbury's has an obligation to provide information that's clear, fair, and not misleading to make sure Mrs N was given sufficient information to make an informed choice about whether the policy was right for her. And such restrictions and the substantial obligations to make sure a property is protected, like in this case, should have been clearly drawn to Mrs N's attention.

I appreciate Mrs N's point of view that other insurers don't allow customers to buy cover for unoccupied properties without speaking to them first. Or that the restrictions are highlighted in such a way that make them overtly clear. But here, I think the key point is that the policy application form prompted Mrs N to the endorsements and a box had to be ticked to proceed confirming the endorsement information had been read and understood. It effectively required her to read the endorsement before agreeing to take the policy. So, I think Sainsbury's has done enough at the point of sale to highlight the restrictions in cover and fulfil its obligations to provide sufficient information for her to make an informed choice.

I consider the policy documents sent to Mrs N after she bought the cover highlighted the endorsement sufficiently and prominently to recap what had been agreed to during the sale. And whilst it could have done more to make other parts of the documents clearer, I think overall the steps it took during the sale to highlight the endorsements, and then repeating it in the documents, is sufficiently clear.

But in any event, Mrs N told us she understood that she had to make weekly inspections which show she was aware of the endorsements on the policy. Mrs N says the FLEE endorsement wasn't clear and that by complying with the weekly inspection endorsement, she thought she had standard cover in the event of a claim. But the FLEE restriction is set out immediately above the weekly inspection endorsement. Mrs N was aware of that part of the endorsement which I think shows the endorsements had been sufficiently highlighted in order for her to be aware of it.

I'm aware Mrs N has concerns with some of the information she received from Sainsbury's when the policy was due for renewal. And I acknowledge the reason she has shared this with me is to highlight the confusion over what type of cover Sainsbury's offers - and on what basis. I also note Mrs N isn't a professional who might have been expected to know of the importance of reading through and understanding contract documents. But in the particular circumstances of this complaint, I think Sainsbury's did enough to meet the obligations set out above. The key issue here is the way Sainsbury's sold the policy and the follow-up documentation it sent out. What Sainsbury's staff members said at the renewal doesn't change the sale or what Mrs N was told at the time. It follows, I don't think it needs to take any further action and I don't uphold this complaint.

I understand Mrs N has raised concerns about the service she received during the policy renewal period. This didn't form part of Mrs N's original complaint, so I won't consider these here. It seems Mrs N has raised these concerns already to Sainsbury's and received its response on the matter. Should Mrs N wish to refer that complaint to this Service for consideration, this would be subject to a new complaint.

My final decision

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 16 January 2025.

Adam Travers
Ombudsman