

The complaint

Mr B complains that BISL Limited ("BISL") didn't increase his policy cover on his request.

What happened

The background to this complaint is well-known to both parties. So I've set out a summary of what I think are the key events.

Mr B had buildings and contents insurance arranged and administered by BISL. Following a burglary at his home, he claimed under the policy for a number of high-risk items. The underwriter of the policy, a separate company, paid a cash settlement for the claim in line with the terms and conditions and the limits set out in Mr B's policy schedule. This information is for context only and does not form part of this decision.

Mr B accepted that the underwriter settled his claim in line with the policy, but he was unhappy that BISL hadn't increased the single article limit (SAL) for high-risk items two years earlier when he'd asked it to. Mr B complained to BISL that the underwriter's settlement for one of the high-risk items ("the collection") was less than its value due to BISL's failure to act on his instruction. Mr B wanted BISL to pay the difference between the cash settlement for the collection and its value.

BISL responded to Mr B to say that it had increased the overall high-risk cover but not the SAL. It no longer had access to the call recordings of Mr B making his request but, as it had sent the updated documents to him, and he'd gone on to renew the policy, BISL said he ought to have noticed that the SAL was still set at £1,500. For that reason, BISL didn't think it was responsible for paying the difference between the settlement and the value of the collection.

Unhappy with its response, Mr B brought his complaint to us.

One of our investigators considered his complaint and thought it was one we should uphold. She didn't agree that BISL should pay the difference because Mr B also had some responsibility to read his policy documents and could've noticed the mistake. However, our investigator thought BISL was responsible for two failures to amend the policy and for causing serious upset. For this, she thought BISL should pay Mr B £400 compensation.

In response, Mr B said that when he followed up on the SAL increase the month after he first made his request, BISL told him it would show on his renewal documents. He said he was led to believe his request was being actioned, so he didn't agree that he was responsible for not picking up on it at renewal.

BISL agreed that compensation was due, but it said £400 was excessive. It offered to pay £250 compensation to settle the complaint.

As Mr B didn't agree, the complaint was passed to me to decide.

I issued a provisional decision in December 2024 explaining that I was intending to uphold Mr B's complaint. However, my reasons were slightly different to those set out by our investigator and I thought BISL should do more. Here's what I said:

provisional findings

The regulator's principles say that firms must act in the best interests of their customers and treat them fairly. So I've looked at the evidence to decide whether BISL acted in Mr B's best interest when he asked to increase his SAL, and whether it treated him fairly when it declined to pay towards his loss.

The evidence shows the underwriter accepted Mr B's claim and settled it based on the SAL set out in his policy. On balance, then, I think it's reasonable to conclude that had BISL increased the SAL to £10,000 when Mr B asked it to, the underwriter would've settled the claim based on that higher limit. Given that the evidence shows that on 18 August 2020 Mr B asked for the SAL to be increased, I don't think it's fair to limit the liability of BISL's inaction to £400 compensation.

I realise that Mr B didn't pick up on BISL's failure to increase the SAL at renewal. The overall high-risk cover did increase to £17,500, and Mr B said he'd paid the additional premium. So I think it's reasonable that he believed BISL had actioned his request. That said, Mr B did have a responsibility to ensure his policy documents were correct, particularly as he'd already contacted BISL to check that it'd made the changes he'd requested.

The evidence, therefore, suggests that both BISL and Mr B could've done more to check that the cover he wanted was available to him. Because of this, I don't consider it fair that Mr B bears the full cost of his loss with BISL paying just £400 compensation to apologise for not acting on his instructions.

Turning to the call notes, Mr B asked BISL to increase the SAL to £10,000 specifically to cover his collection. The underwriter confirmed that it would've settled the claim in line with the SAL. As Mr B named the collection when he asked to increase the cover, I think it's reasonable to consider that he wanted the policy to cover his collection as a specified item up to £10,000 rather than just increasing his high-risk cover more generally. Therefore, I think it's fair that BISL pays Mr B a contribution towards the loss of his collection in recognition of the fact that it failed to act on his request to increase the SAL.

Mr B considered £10,000 sufficient to cover his whole collection. He confirmed that, fortunately, only one quarter to a third of the collection was stolen. Mr B has given various assessments of the value of the stolen collection, ranging from £3,200 to £5,000, although he was only able to provide the underwriter with evidence of £3,200. This is broadly in line with Mr B's original assessment of its value and his estimate that it accounted for around a third of the collection. The underwriter settled the claim at £1,500 which was the SAL. This indicates that BISL's and Mr B's inactions contributed to the remaining £1,700 evidenced loss remaining unpaid under the policy.

So, to put matters right, I think it's fair and reasonable in the circumstances that BISL and Mr B split the cost of the uninsured loss. That means, BISL would pay Mr B £850 which is half of the loss which would've been covered had it acted on his request to increase the SAL. The remaining £850 loss which was not covered under the policy remains as Mr B's loss for not confirming the change in cover on his documents.

Our investigator thought BISL should pay Mr B £400 compensation, in part to acknowledge the fact that it didn't act on Mr B's request. I'm satisfied that the additional payment I've suggested here addresses that. However, I think compensation is still warranted for the distress and inconvenience this matter caused Mr B, along with the confusion caused by its ambiguous increase in the overall high-risk cover without completing the specific SAL increase as requested. In line with our guidance on compensation, I'm satisfied that £250 is fair and reasonable in the circumstances.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Responses

BISL accepted my provisional decision.

Mr B said he still thought BISL should be responsible for settling the full claim and he asked me to reconsider the evidence. He repeated his original points and also presented a hypothetical scenario in which his claim might not have been paid at all. Mr B said if BISL only paid half the claim he didn't think it would be punished enough for not making the changes he asked for. However, Mr B said if I didn't change my mind, he would accept 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.

I've looked again at the evidence in the light of Mr B's comments. However, I'm not persuaded that he's said anything in his response which warrants a different outcome to that set out in my provisional decision.

I understand Mr B is disappointed that I haven't placed greater responsibility on BISL for not making the changes he asked for. I've decided that BISL should've acted on his instruction and it's for that reason I've asked it to pay towards Mr B's loss. But I also think Mr B was responsible for checking his documents after he asked for the change, and then again at renewal. I understand that the collection was important to him which is why he asked to increase the cover for that item, so I'd have expected him to ensure his request was actioned.

I've noted Mr B's comment that my decision doesn't punish BISL enough. To be clear, my role is to put matters right and, where possible and appropriate, place the policyholder in the position they would've been had a mistake not been made. Here, I think both BISL and Mr B had a responsibility to ensure the policy met his needs, so I'm satisfied that both parties also had a responsibility for the loss not covered by the insurer. It is not my role to make an award that punishes BISL.

As a final point, I've noted Mr B's description of a hypothetical scenario in which his claim might not have been paid at all. I can only consider what's actually happened in reaching a decision, so there's no benefit in commenting further on this point.

Mr B said he'd accept my decision if I didn't change my mind. For completeness, Mr B will still need to respond to my final decision before it can become binding on BISL.

My final decision

For the reasons I've explained above, and in my provisional decision, my final decision is that BISL Limited must:

- pay £850 towards Mr B's collection in recognition of its failure to act on his request to increase cover, and
- pay £250 compensation for the confusion, distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 4 February 2025.

Debra Vaughan
Ombudsman