

The complaint

Mr B complains U K Insurance Limited trading as Direct Line (UKI) unfairly declined to settle his claim on his home insurance policy.

UKI are the underwriters of this policy i.e. the insurer. Part of this complaint concerns the actions of the intermediary. As UKI have accepted it is accountable for the actions of the intermediary, in my decision, any reference to UKI includes the actions of the intermediary.

What happened

In May 2024 Mr B made a claim on his home insurance policy after his television over-heated and melted at the bottom.

UKI began to process the claim and initially made a settlement offer. However, it then advised the damage described wasn't covered under the terms of the policy because mechanical/electrical fault or breakdown wasn't covered. UKI apologised that the customer service provided to Mr B was not of the standard expected and it paid him £150 compensation.

Because Mr B was not happy with UKI, he brought the complaint to our service.

After the complaint was brought to our service UKI increased its compensation offer to a total of £350.

Our investigator upheld the complaint. They looked into the case and was satisfied UKI had fairly declined Mr B's claim. They said UKI could've managed Mr B's expectations better and advised him correctly. They said the total compensation of £350 offered for the service received was fair.

As Mr B is unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

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.

Claim

Mr B made his claim on 9 May 2024. He said it looked like his television had been damaged by heat and it had melted at the bottom. Later in May 2024 he told UKI that due to the smell of burnt plastic he had put the television outside his property, and it had been stolen.

I saw at this point UKI incorrectly told Mr B he was covered for £4,999 less any policy excess. On the same day it called him back to say it had made a mistake and the correct policy limit for an item outside within the boundaries of his property was £1,000. It told him it would raise this amount for immediate settlement.

As the settlement was not received Mr B contacted UKI to find out where it was. UKI told him it had now declined his claim. It explained it should have been declined when he made the claim as it was an electrical fault and this was not covered by his policy. As Mr B was not happy with this decision he made a formal complaint.

I saw in June 2025 UKI confirmed in writing to Mr B that it had declined his claim on the basis his policy didn't cover the cost of repairing or replacing any item following a mechanical or electrical fault or breakdown. It also said as the television was then stolen from outside his property it was unable to validate his claim.

I looked at the terms of Mr B's policy. It says;

"This policy doesn't cover

The cost of repairing or replacing any item following a mechanical or electrical fault or breakdown, or where it has failed or stopped working despite there being no apparent damage."

Based on the detail provided by Mr B when he made his claim that something had got into the television and melted the bottom, this persuades me this was an electrical fault or breakdown. Therefore I think his claim was fairly declined by UKI under the terms of the policy.

Although I understand this will come as a disappointment to Mr B, I don't uphold this part of his complaint and I don't require UKI to settle his claim for the television.

Customer service

Although I think Mr B's claim was fairly declined, I saw UKI made a number of mistakes when processing his claim and before it made its decision to decline the claim.

UKI initially led Mr B to think he was covered for £4,999 less any policy excess, which it then changed to £1,000 and said this would be paid immediately. And it was only when he called to chase receipt of this payment, that he was told his claim was declined, and the reason why it was declined explained.

UKI accepted the service provided to Mr B had fallen short of the standard it aimed to provide. It apologised for failing to correctly set his expectations regarding cover when he first made his claim, and for the upset caused due to the errors it made in the following calls. I saw it paid him £150 in June 2024 by way of an apology.

After Mr B brought his complaint to our service UKI reviewed it again. It said his claim should have been properly looked at by itself when he first made the claim call, and if it had done this correctly it would not have made the further mistakes it did. It increased its offer of compensation by a further £200 to a total of £350. Mr B rejected this increased offer.

I think this is a fair and reasonable amount of compensation in the circumstances of this complaint. Therefore, I uphold Mr B's complaint and require UKI to pay him a further £200 compensation (£350 in total) for the upset caused due to its mistakes.

Your text here

My final decision

I require U K Insurance Limited trading as Direct Line to pay Mr B a total of £350 compensation, less the £150 already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 12 March 2025.

Sally-Ann Harding
Ombudsman