

The complaint

Mr I is unhappy that Haven Insurance Company Limited refused to fully settle a claim he made for accidental water damage to his property.

What happened

Mr I held a home insurance policy with Haven which was inceptioned in August 2023. In February 2024, Mr I's property suffered accidental damage when some taps were left on, so he made a claim to Haven.

Haven appointed various experts to investigate the damage and validate the claim on its behalf. But concerns arose over the level of cover Mr I had. When he took out the policy, Mr I said the cost to rebuild his home was £181k. But Haven's experts estimated this ought to have been closer to £300k.

Based on the above, Haven concluded Mr I was underinsured. Had Mr I declared the higher rebuild cost when taking out the policy, Haven said it would have charged an additional premium. Based on this, it said it would only settle 60.33% of the claim.

Mr I took out the policy through an aggregator site (price comparison website). He says the rebuild cost estimate provided when the policy was taken out was prepopulated by the website, based on his property details. He says he was entitled to rely on the information as it was being provided by a reputable company.

Mr I's complaint was looked at by an investigator at the Financial Ombudsman Service. She thought it should be upheld. She said she was persuaded by Mr I's testimony that he relied on the figure provided to him by the price comparison website and so she didn't agree the estimate he provided was unreasonable. She said Haven should deal with the claim without making a deduction for underinsurance and that it should pay him £250 compensation for the distress and inconvenience it had caused him.

Haven didn't accept our investigator's opinion. So, as no agreement has been reached, the complaint has been passed to me to decide.

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 agree with the outcome reached by our investigator. I'll explain why.

I think it would be helpful to first set out that there is no absolute correct figure for the rebuild cost of Mr I's property at the time he took out the policy. I say this because multiple experts could be asked to value a property and come up with different figures. Instead, when taking out the policy, Mr I was required to provide a reasonable estimate. If Mr I provided a reasonable estimate when taking out the policy, it wouldn't be fair for Haven to proportionally reduce his claim settlement. Regardless of whether, in Haven's view, the estimate was too low.

Mr I says the price comparison website he used estimated the rebuild cost of his property for him when he entered his property details. And having tested the website myself, I can confirm that it does do this, through a link to a well-recognised rebuild estimation tool.

Haven accepts that the price comparison website does provide a rebuild cost estimate based on the property details. But the rebuild estimate it obtained directly from the same rebuild estimation tool, which backdated the estimate to August 2023, came in significantly higher than the figure Mr I provided – £303k. And when Haven re-ran Mr I's property through the same price comparison website Mr I used in mid-2024, it provided a rebuild cost in line with its own estimate – £316k. Based on this, Haven says Mr I must've amended the suggested rebuild cost down to £181k when taking out the policy.

I've thought carefully about Haven's concerns here, and I can understand them. It seems unlikely that the rebuild estimate provided in August 2023 would change so drastically by mid-2024. And when I ran the same estimate through the price comparison website in March 2025, it likewise provided an estimate more in line with Haven's estimate.

However, the fact there is a discrepancy between the estimates isn't, in my view, sufficiently persuasive evidence that Mr I amended the figures. I think it's just as likely that there could have been an issue with the website's estimation tool – or the website that tool pulls its information from. And given the serious implications to Mr I of being underinsured, and his insistence that he didn't amend the estimate provided by the price comparison website, I would expect Haven to have conducted a suitably thorough investigation before concluding he was at fault. But I haven't seen anything to suggest Haven contacted the price comparison site for evidence of the sales journey Mr I went through. Or whether it could demonstrate that the rebuild estimate he proceeded with was different to the estimate the website initially gave him. Or whether he tested multiple quotes with differing rebuild cost estimates before selecting the one he did.

As I understand it, the above would likely be information the price comparison site could have provided, if requested. Should this have been requested, and available, it would likely have been able to support or contradict Mr I's version of events. But Haven doesn't seem to have made any attempt to obtain such evidence. And in the absence of such evidence, or even the attempt to obtain such evidence, I don't think it has treated Mr I fairly by concluding he amended the rebuild estimate the website provided.

Mr I has maintained throughout his complaint that the rebuild estimate he provided was generated by the price comparison website and that he didn't amend it. He's also highlighted the property was undergoing renovations when he took out the policy, which he declared, and he assumed the rebuild estimate likely reflected this.

I find Mr I's testimony around the sale has been persuasive and consistent. I also think it's likely that most people taking out home insurance would want to ensure they were fully covered in the event their property were to be damaged – particularly during a period of increased risk – such as during renovations. So, in the absence of persuasive evidence that Mr I actively changed the estimate the website provided him, I don't think it would be reasonable for me to conclude that's most likely what happened.

Instead, based on the available evidence, I think it's more likely than not that Mr I relied upon the estimate provided by the price comparison website when taking out the policy. And given this was a reputable price comparison site, whose estimates are pulled from the same reputable rebuild cost estimation website that Haven later used and relied on, I think it was reasonable for Mr I to rely on the figure it suggested for him. I think he was entitled to see that figure as more likely to be reasonable than any estimate of his own.

Taking the above into account, on balance, I think Mr I provided a reasonable estimate of the rebuild cost when taking out the policy. And because he did, I don't think Haven can fairly or reasonably reduce the claim settlement based on the fact he was underinsured. This means Haven will need to settle Mr I's claim in full, with no proportionate reduction for underinsurance.

To any part of the settlement which currently remains unpaid, Haven will also need to add 8% simple interest, from the point it made the, in my view, unfair decision to settle the claim proportionately, until the date of settlement. This is to compensate Mr I for being deprived of funds I think he was reasonably entitled to under his policy.

In addition to the above, I think Haven should pay Mr I a further £250, to compensate him for the avoidable distress and inconvenience it has caused him by unfairly deciding to proportionately settle his claim. For example, the distress he suffered at being told his claim would not be settled in full, and the inconvenience of having to make a complaint and pursue it all the way through the Financial Ombudsman Service, just to get the fair settlement his policy entitles him to.

My final decision

For the reasons explained above, I uphold Mr I's complaint.

Haven Insurance Company Limited must:

- Settle Mr I's claim for the damage caused by the escape of water in full, with no deduction for underinsurance.
- To any part of the settlement which currently remains unpaid, add 8% simple interest*, from the point it offered to settle the claim proportionately, until the date of settlement.
- Pay Mr I £250 compensation for the avoidable distress and inconvenience it has caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 8 April 2025.

**If Haven Insurance Company Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr I how much it's taken off. It should also give Mr I a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.*

Adam Golding
Ombudsman