

The complaint

Mr W and Mrs W have complained that Red Sands Insurance Company (Europe) Limited ('Red Sands') avoided their home insurance policy and refused to pay their claim.

What happened

Mr W and Mrs W took out a home insurance policy with Red Sands through a price comparison website. When they had a flood at their home, Mr W and Mrs W tried to make a claim.

Red Sands said they had answered the questions asked about the number of rooms at the property incorrectly. And it considered this to be a careless/deliberate or reckless qualifying misrepresentation, which entitled it to void the policy and not to pay the claim.

Mr W and Mrs W brought their complaint to this Service. Our investigator thought it should not be upheld. She said Mr W and Mrs W had been asked clear questions and there was clear guidance to accompany the questions about what was a room. She said it was reasonable for Red Sands to void the policy and not to deal with the claim.

Mr W and Mrs W didn't agree. So, the complaint was referred to me for a 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.

The relevant law in this case is The Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). This requires consumers to take reasonable care not to make a misrepresentation when taking out a consumer insurance contract (a policy). The standard of care is that of a reasonable consumer.

And if a consumer fails to do this, the insurer has certain remedies provided the misrepresentation is - what CIDRA describes as - a qualifying misrepresentation. For it to be a qualifying misrepresentation the insurer has to show it would have offered the policy on different terms or not at all if the consumer hadn't made the misrepresentation.

CIDRA sets out a number of considerations for deciding whether the consumer failed to take reasonable care. And the remedy available to the insurer under CIDRA depends on whether the qualifying misrepresentation was deliberate or reckless, or careless.

Red Sands thinks Mr W and Mrs W failed to take reasonable care not to make a misrepresentation when they answered the questions about the number of rooms at their property when they took out the policy. Red Sands said they didn't correctly state the number of bedrooms or "*other rooms*", which meant the total number of rooms was incorrect.

I've looked at the questions they were asked. Mr W and Mrs W took out the policy through a price comparison website, which was where they were asked the questions. Mr W and Mrs

W had to select the number of bathrooms. They had to choose a number from 0 to 4 or to select “more”. The guidance said “*Include toilets, en-suite shower units and wet rooms*”. For the number of “other rooms”, again, Mr W and Mrs W had to choose a number from 0 to 4 or to select “more”. The guidance said “*Include basement or storage area, garages attached to your property and your loft*”. They said they had three bathrooms and zero “other rooms”. They also said there were five bedrooms and four receptions. The total number of rooms declared totalled 12.

I think it was clear from the price comparison website what information Mr W and Mrs W needed to provide. They had to select the appropriate number of rooms based on their property. There was also clear guidance available on what rooms needed to be included.

When Red Sands visited the property during the claim, it was identified that both a toilet and loft space hadn’t been declared. This meant there was a total of 14 rooms. I’m aware Mr W and Mrs W had tried various price comparison websites and were only able to get a limited number of quotes. This varied depending on the details they provided about the property and the number of rooms. Mr W and Mrs W have also said the loft room isn’t a room. But, I think the guidance was clear that lofts should be included. They have also said they didn’t include the downstairs toilet because the guidance was unclear. They said bathrooms normally included a bathroom or shower. But, I think the guidance was clear that any room containing a toilet should be included. Based on what I’ve seen, I think it was fair for Red Sands to decide Mr W and Mrs W didn’t take reasonable care when they said how many rooms were at the property.

So, I’ve looked at whether this made a difference and was therefore a qualifying misrepresentation. Red Sands has provided its underwriting guidance. Mr W and Mrs W had a listed property. The underwriting guidance showed that Red Sands wouldn’t have offered the policy at all had it known Mr W and Mrs W had 14 rooms at their property. This means I’m satisfied that Mr W and Mrs W’s misrepresentation was a qualifying one.

Red Sands has said Mr W and Mrs W’s misrepresentation was deliberate. This was because they went on to multiple price comparison websites to try and get quotes. They changed the details, including the number of rooms, to get quotes. On the first two price comparison websites, Red Sands didn’t provide quotes because the total number of rooms was given as 14 and then 13. When Mr W and Mrs W went to the third price comparison website, they changed the number of rooms removing one bathroom and said there were no “other rooms”, giving a total of 12 rooms. As a result of the change to the number of rooms, Red Sands provided a quote, which Mr W and Mrs W then accepted. I think it was fair for Red Sands to decide the misrepresentation was deliberate.

So, I’ve looked at the actions Red Sands could take in accordance with CIDRA. Red Sands has shown that it wouldn’t have offered cover if it had known the correct number of rooms. This meant Red Sands could void the policy and treat it as though it never existed. It also meant it didn’t need to deal with the claim. I think the action Red Sands took was fair and in line with CIDRA.

Having thought carefully about what happened, I think Red Sands acted fairly and reasonably based on the information available to it. As a result, I don’t uphold this complaint or require Red Sands to do anything else in relation to it.

My final decision

For the reasons I have given, it is my final decision that this complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs W and Mr W

to accept or reject my decision before 24 April 2025.

Louise O'Sullivan
Ombudsman