

The complaint

Mr C and Mrs C have complained that Smart Insurance Services Ltd trading as Coversure Insurance Services (Southampton) ('Coversure') mis-sold them a home insurance policy.

What happened

Mr C and Mrs C took out a policy through a broker, Coversure. In January 2024, Mr C and Mrs C contacted Coversure to add hearing aids to the policy. When the policy was due to renew, the insurer was unable to provide renewal terms. So, Coversure looked for alternative policies. It then wrote to Mr C and Mrs C with the most competitive quote for their renewal, which was with a different insurer. Mr C and Mrs C accepted the quote.

A few months later, Mr C and Mrs C made a claim under the policy for the hearing aids. The insurer declined the claim because it said the policy didn't provide cover for hearing aids unless they were specified on the policy. Mr C and Mrs C complained to both the insurer and Coversure. Coversure didn't uphold the complaint. As part of its response, it said the insurer hadn't sufficiently highlighted the policy conditions about hearing aids. It said the rejection by the insurer was unjustified and it would be happy to support Mr C and Mrs C in pursuing a complaint. Separately, the insurer also didn't uphold Mr C and Mrs C's complaint and maintained its decision to decline the claim.

When Mr C and Mrs C complained to this Service, our Investigator upheld the complaint about Coversure. He said Coversure hadn't taken the relevant steps to ensure the policy was right for Mr C and Mrs C. Coversure knew the value of the hearing aids, which was above the personal possession limit on the policy. So, it hadn't investigated to ensure Mr C and Mrs C were fully indemnified. He said that while the complaint was with this Service, Coversure had said it was willing to offer a goodwill gesture to cover half the cost of the hearing aid. But that it didn't think it needed to pay the full cost because the insurer had failed to sufficiently highlight the need to specify hearing aids. It said it considered this to be an onerous term that should have been highlighted by the insurer. However, our Investigator said it was reasonable that Coversure pay the full cost of the hearing aids and £150 compensation.

As Coversure disagreed, the complaint was referred to me.

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 uphold this complaint. I will explain why.

This decision only relates to the complaint about Coversure. However, I'm aware of the circumstances of the complaint to the insurer and that Coversure has said the claim decline was down to the insurer, rather than its own actions.

When Mr C and Mrs C originally spoke to Coversure to add the hearing aids to their policy, the policy was with a different insurer. It's my understanding that this insurer didn't require the hearing aids to be specified. However, when the policy renewed, the policy was with a new insurer and the policy documents said there was no cover:

"for any loss of or damage to contact, corneal or micro corneal lenses, hearing aids, dental appliances unless otherwise stated in the specification forming part of the Schedule"

I'm aware Coversure has said, in its experience, it was unusual for hearing aids to be excluded in this way. It said it should have been highlighted by the insurer in the Insurance Product Information Document (IPID). I would normally expect an IPID to provide a short summary of the most important and relevant information about the policy. In my view, overall, the IPID for the policy did this. However, even if I agreed the IPID should have included details about cover for hearing aids, I still need to look at this complaint in its full context to decide what I consider to be a fair outcome.

The cover for hearing aids was under the personal possessions part of the policy. The policy schedule said there were no personal possessions specified on the policy. It also said there was cover for unspecified personal possessions, with a sum insured of £2,000. It's my understanding that Coversure doesn't dispute that it knew Mr C and Mrs C wanted cover for the hearing aids. It has also provided evidence that when Mr C and Mrs C requested this cover, they said the hearing aids were worth £2,500. Even if it was of the view that policies normally covered hearing aids, I think it's fair to say this meant Coversure should have been aware the policy didn't meet Mr C and Mrs C's needs. The policy limit for personal possessions didn't fully indemnify Mr C and Mrs C for the hearing aids because it didn't provide cover for their full value.

So, in my view, even without reading the full details of the policy, it should have been apparent to Coversure that the personal possessions cover wasn't appropriate to meet Mr C and Mrs C's specific requirement to insure the hearing aids. That being the case, I think it's fair to say, based on the information available to it, Coversure should reasonably have been aware that it shouldn't have proposed that particular policy and on those terms. So, I think it's fair to say it mis-sold the policy.

Mr C and Mrs C's claim for the hearing aids was declined by the insurer. So, I think Coversure needs to cover the cost to Mr C and Mrs C of replacing the hearing aids. I also think Mr C and Mrs C were shocked and concerned when they found the claim had been declined, despite being clear they wanted cover for the hearing aids. So, I think Coversure should pay Mr C and Mrs C £150 compensation to recognise the impact on them.

My final decision

For the reasons I have given, it is my final decision that this complaint is upheld. I require Smart Insurance Services Ltd trading as Coversure Insurance Services (Southampton) to:

- Cover the full cost to Mr C and Mrs C to replace the hearing aids.
- Pay Mr C and Mrs C £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs C to accept or reject my decision before 9 July 2025.

Louise O'Sullivan
Ombudsman