

The complaint

Mrs H and Mr S complain that Covea Insurance Plc (“Covea”) unfairly declined their claim and avoided (treated it as though it never existed) Mrs H’s home contents insurance policy.

Mrs H and Mr S are represented by their son. I’ll refer to Mrs H in my decision for ease.

What happened

Mrs H’s home was burgled whilst she was out of the country. She made a claim to Covea. The business then told her it was avoiding her policy and declining her claim. Mrs H was told this was because had it known the true value of her gold jewellery, it would not have offered cover. She didn’t think this was fair and said Covea should pay her claim and reinstate her policy for the year in question.

Covea responded in May 2024. It said that following investigation it found that the total value of Mrs H’s household goods was £69,200 against the sum insured of £75,000. In addition, it said she had valuables totalling £114,045. Covea explained that this represented a large level of underinsurance. Had it known the true value of Mrs H’s contents it confirmed that it would not have offered cover. It didn’t change its decision to decline the claim and avoid the policy.

Covea said it acknowledged Mrs H’s comments that the information she gave was based on the price paid for her jewellery, not its current value. But it maintained that its policy terms were based on the replacement value. And said Mrs H hadn’t specified any high value items despite a requirement for her to do so.

Mrs H didn’t agree with this outcome and brought the matter to us. Our investigator didn’t recommend that the complaint be upheld. She said the questions asked at inception of the policy were clear. She didn’t think Mrs H had acted reasonably given the requirement to provide accurate information regarding the value of her insured items. Our investigator said it was fair that Covea had refunded Mrs H’s premiums. But she didn’t think it had acted unfairly when taking the action it had.

Mrs H disagreed and asked for an ombudsman to consider her complaint. It has now 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’m not upholding Mrs H’s complaint. I’m naturally sympathetic given the financial loss and distress she’s suffered. But I don’t think Covea treated her unfairly and I’ll explain why.

The relevant law in this case is the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). Under CIDRA Mrs H must take reasonable care not to make a

misrepresentation when taking out insurance. If Mrs H doesn't do this, CIDRA allows an insurer to take certain actions, assuming the misrepresentation is a qualifying one. A qualifying misrepresentation is where the insurer would not have provided cover at all, or it would only provide cover under different terms.

To understand whether Mrs H made a misrepresentation I've considered the questions she was asked when applying for her policy online.

Mrs H used an insurance broker's website to apply for her policy online. Covea has supplied screenshots of the questions she was asked during her application. One of the questions she was asked was, "*How much will it cost to replace all your contents as new?*". Three options were given: "*Up to £75,000*", "*Up to £100,000*" and "*Over £100,000*". The policy schedule Covea sent to Mrs H confirmed her contents sum insured was up to £75,000. This was also confirmed in the Insurance Product Information Document (IPID) that was also sent to her. This confirmed Mrs H had agreed to up to £75,000 contents cover of which £20,000 was for valuables in the home.

Mrs H's policy schedule includes a section for specified items in the home. In this section it says, "*Cover for valuables worth over £2,500 per item/kept in the home and not taken outside*". There are no items listed here. The schedule also says:

"The contents sum insured must reflect no less than the full replacement cost as new of all the contents. You should also ensure that the valuables and specified item limits are adequate for your needs within the total sum insured...The most we will pay for any one valuable is £2,500 unless specified separately and shown on the Schedule".

I think the question about the contents sum insured was clearly written. Mrs H (or her representative) confirmed her sum insured as up to £75,000 with no specified items. However, during its validation of her claim Covea estimated Mrs H had £69,200 of goods at risk and over £110,000 in valuables/high risk items. I've seen the valuation reports that support these findings. The valuables relate to Mrs H's jewellery. The policy schedule informed her that her sum insured should reflect the full replacement cost of her contents as new. But it's clear the sum insured Mrs H chose didn't do this and by some margin.

Based on this evidence I think Mrs H did make a misrepresentation. Covea has provided further screenshots from the online application. This shows that had she selected "*Over £100,000*" her application would have been declined. Covea has explained that this is the answer Mrs H should have given. If she had then no cover would have been offered for this level of contents insurance. Instead Covea has shown that details of a specialist home insurer would have been provided.

Having considered this evidence I'm satisfied that Covea would not have provided cover had it known the true value of Mrs H's contents. This means her misrepresentation is a qualifying one. Under CIDRA this means Covea can decline Mrs H's claim and avoid her policy back to inception, which is what it did. In these circumstances I don't think this was unfair.

Under the CIDRA rules Covea must confirm whether it believes Mrs H's misrepresentation was careless, reckless, or deliberate. We asked it to confirm what it had decided. It responded to say it treated the misrepresentation as careless, which is why it refunded Mrs H her premiums. Mrs H says she wasn't aware that her jewellery had increased in value by so much. She also said that she based her sum insured on the purchase price. But the evidence shows Mrs H was given clear information that it was the full replacement value from new that should be used. So, I don't think it was reasonable for her to respond as she did. But I don't think it's unreasonable for Covea to consider this careless as opposed to reckless or deliberate. So, I think it's fair that it refunded Mrs H's premiums.

Mrs H has more recently said that her policy was taken out over the phone. We asked Covea to comment on this. It provided an email from Mrs H's insurance broker that confirmed the policy was set up online. It also confirmed it had no record of any telephone calls relating to the policy inception. So, although I acknowledge what Mrs H has said. I have no evidence to support this.

Having considered all of this I don't think Covea treated Mrs H unfairly when it declined her claim and avoided her policy in line with CIDRA. So, I can't reasonably ask it to do anymore.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr S to accept or reject my decision before 26 June 2025.

Mike Waldron
Ombudsman