

## The complaint

Miss G complains about the amount Red Sands Insurance Company (Europe) Limited (Red Sands) have paid to settle her claim under her home insurance policy.

## What happened

The details of this complaint will be well known to both parties and so I've summarised events. In January 2024 Miss G's home was unfortunately burgled and so she submitted a claim to Red Sands. Red Sands accepted Miss G's claim, but said there was a total limit of £1,000, minus a £100 policy excess, for the personal possessions stolen from Miss G's home. Miss G didn't believe Red Sands had considered her claim for personal possessions under the correct section of her policy and so raised a complaint. She said the section Red Sands should have considered her claim under had a limit of £1,400 per item.

On 2 May 2024 Red Sands issued Miss G with a final response to her complaint. It said it offered unlimited cover for any items that remained in the home which are individually worth less than £1,500. It said when Miss G purchased her policy she selected unspecified personal possessions cover of £1,000 and this was for items Miss G took out of her house. It said the policy terms showed the total level of cover Miss G had in the event of a claim and so it wouldn't be upholding Miss G's complaint. Miss G didn't think this was reasonable and so referred her complaint to this Service.

Our investigator looked into things. She said she didn't think the policy terms were clear Miss G would be covered for £1,000 in total for her unspecified personal possessions. She said she thought the way the policy was worded made it sound as if Miss G was covered for up to £1,000 per item, and not in total. She said she thought Red Sands should re-calculate the settlement due to Miss G, including cover for personal possessions Miss G claimed for which cost less than £1,000. She said Red Sands should pay 8% per year simple interest on this amount calculated from the date it paid Miss G's claim originally to the date it paid the additional settlement due. She said she didn't think Red Sands needed to pay for Miss G's personal possessions which cost over £1,000 as items over £1,000 would have needed to have been specified.

Miss G said she still believed her claim should be considered under the section which had a limit of £1,400 per item, but she accepted the investigators view. Red Sands didn't agree with the investigator. It said Miss G had selected the level of cover she wanted, and it didn't agree the terms were unclear it provided a total of £1,000 worth of cover, minus the £100 policy excess.

I issued a provisional decision upholding this complaint and I said:

*'I want to acknowledge I've summarised Miss G's complaint in less detail than she's presented it. I've not commented on every point she has raised. Instead, I've focussed on what I consider to be the key points I need to think about. I mean no discourtesy by this, but it simply reflects the informal nature of this Service. I assure Miss G and Red Sands I've read and considered everything that's been provided.'*

*The relevant rules and industry guidance explain Red Sands should handle claims fairly, and not unreasonably reject a claim.*

*There is a disagreement between Miss G and Red Sands in relation to which part of the policy her personal possessions, which were stolen from her home, should be paid under. So I've considered these two parts of the policy.*

*The first part of the policy states:*

*'Item: The contents of the house and garage known as [insured property] that remain in the house (except for any mobile phones which are covered while in the home up to £1,500) and the specified and unspecified Personal Possessions below that you own or are legally responsible for*

**We pay for:**

*Any sudden and unforeseen loss or damage over and above £100 up to a maximum of £1,400 for a claim for any one item caused by:*

- *Burglary while the house has all windows and doors closed and locked*

**You pay for:**

*The first £100 of any claim that We agree to cover and any item over £1,500'*

*A further part of the policy states:*

*'Unspecified Personal Possessions: Your items that You can or do take outside the house known as [insured property] which includes any laptop computers, tablet devices, games consoles, phones, handbags, jewellery, watches, sports equipment and musical instruments which cost less than £1,000 to replace that You own are or legally responsible for*

**We pay for:**

*Up to £900 for any sudden, unforeseen loss or damage over and above £100 while outside the house and within the United Kingdom caused by:*

- *A sudden and unintentional act by You*
- *Theft while worn or carried by You*

**You pay for:**

*The first £100 of any claim that We agree to cover, plus anything above £1,000 and any item where the replacement value is over £1,000.'*

*Red Sands have explained when the insured selects they want cover for items that leave the home, these items are automatically covered when inside the home. It says the policy terms are clear these items are covered up to a total of £900.*

*Having reviewed the policy terms I don't think it has been made clear that items stolen from Miss G's property are subject to this policy limit. The terms of Miss G's policy suggest that specified and unspecified personal possessions are covered for up to £1,400 for any one item when the claim is as a result of burglary while the*

*house has all its windows and doors locked.*

*The part of the policy which is subject to the total limit of £900 only mentions claims when outside the house, caused by a sudden and unintentional act by the insured, or theft whilst worn or carried by the insured. It makes no mention of items stolen whilst they are at home.*

*Red Sands are suggesting the policy terms are clear that unspecified personal possessions are covered at home for all the circumstances listed under the first section of the policy, but that they aren't covered for the policy limits set out in this section. Instead, they are subject to a separate policy limit, outlined later in the policy. A section which only refers to claims for loss or damage when outside of the home caused by a sudden and unintentional act or theft whilst worn or carried. I disagree that this has been made clear.*

*I think a reasonable consumer reading these policy terms would believe their unspecified personal possessions were covered up to £1,400 per item whilst at home, and covered up to a total of £900 when outside of the house. Whilst this may not be what Red Sands intended to cover, the policy wording is at the very least ambiguous about what cover and insured has for their personal possessions whilst at home. Any ambiguity in the policy terms should be interpreted in the favour of the insured.*

*Therefore, I think it would be reasonable for Red Sands to recalculate the settlement due to Miss G, applying a limit of £1,400 per item she is claiming for. I note this section doesn't provide cover for any item worth more than £1,500.*

*It should also pay 8% per year simple interest on any additional settlement due, calculated from the date it originally paid Miss G the settlement for her claim, to the date it pays the additional settlement due.*

*I also note Red Sands have said jewellery is only covered under the policy terms if it has been specified. However I haven't been provided any evidence to show this is the case, and the insured is only required to specify items which are individually worth more than £1,500.'*

Miss G accepted my provisional decision. Red Sands provided screenshots of how the policy was sold to Miss G. It said during the sales journey Miss G was asked to select the total cost of her personal possessions and Miss G only selected £1,000 and so it disagrees this was unclear. It said during the sales journey the contents cover refers to items which remain in the home, and jewellery and all other items listed in the unspecified contents section of the policy don't remain in the house. It said Miss G started with £2,000 of unspecified personal possessions cover, but she reduced this to £1,000. It also referred to its frequently asked questions (FAQ) page which explains the cover.

### **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 departing from the decision I reached previously and I'll explain why.

Red Sands have provided screenshots of the sales journey Miss G would have completed when she purchased her insurance policy. It has said Miss G was asked to select the total cost of her personal possessions and selected £1,000 so disagree the policy limits for

personal possessions are unclear. I acknowledge Miss G selected a total of £1,000 cover for her personal possessions which cost less than £1,000, however I maintain the policy terms are unclear about the limits which apply to personal possessions when they are in the home.

The policy terms suggest Miss G has cover for a total of £900 for her personal possessions whilst outside of the home, but cover for up to £1,400 per item whilst in the home. I don't think Red Sands can rely on the level of cover Miss G requested during the sales journey if the level of cover Miss G holds for her personal possessions isn't made clear within the terms of the policy. I still think a reasonable consumer reading these policy terms would believe their unspecified personal possessions were covered for up to £1,400 per item whilst at home and covered for up to a total of £900 when outside of the house.

I acknowledge if personal possessions cover isn't selected, then items of jewellery, amongst other items, aren't covered under the terms of the policy. However, in Red Sands's final response to Miss G, it said if jewellery isn't specified under the personal possessions section of the policy it isn't covered. There isn't anything within the sales journey, nor policy terms, which states each individual item of jewellery needs to be specified in order to be covered. And so, I wanted to be clear that the jewellery items Miss G has claimed for, but hasn't individually specified, should not be excluded on the basis they haven't been individually specified.

Red Sands have referred to the FAQs on its website regarding contents limits. However, the FAQs on its website don't form part of the contract Miss G holds with Red Sands, and there is no guarantee the FAQs will be read. I don't think the content of the FAQs on Red Sands website change whether the terms of Miss G's policy are clear.

### **My final decision**

For the reasons I've outlined above, I uphold Miss G's complaint about Red Sands Insurance Company (Europe) Limited. I require it to:

- Recalculate the settlement due to Miss G, applying a policy limit of up to £1,400 per item Miss G is claiming for which have been stolen from her property.
- \*Pay 8% per year simple interest on any additional settlement due, calculated from the date Red Sands Insurance Company (Europe) Limited initially settled Miss G's claim to the date it pays the additional settlement.

\*If Red Sands Insurance Company (Europe) Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss G how much it's taken off. It should also give Miss G a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 12 May 2025.

Andrew Clarke  
**Ombudsman**