

The complaint

Mrs B is complaining that Chubb European Group SE declined a claim she made on her buildings insurance policy.

Mrs B has appointed a solicitor firm to handle aspects of the complaint on her behalf. But for ease of reference, I shall refer to anything said on Mrs B's behalf as being said by Mrs B.

What happened

In April 2024 Mrs B contacted Chubb to say her contents had been damaged in a flood. She explained she'd moved them to a barn for storage while her house was being renovated. But the barn had been flooded in a major storm.

Chubb ultimately declined Mrs B's claim. It said she should have told it that she was having renovation works carried out and that she'd moved the contents to another location. It said it wouldn't have continued the cover for the property had it known about the renovation works. It also said it wouldn't have provided flood cover for the barn as its underwriters considered the area to be a high flood risk.

Mrs B didn't agree with Chubb's decision and, in summary, raised the following points:

- She's not claiming for anything arising from the works being carried out to the property, only the contents that were kept away from it.
- The policy covers their contents worldwide and there isn't anything in the policy to say that she couldn't take contents out of the property.
- She'd told her broker she was going to do some works on her house. So she said, in doing so, Chubb should reasonably have been aware of the works that were going to be undertaken.
- Chubb hasn't given any justification for why it says it would have ceased cover while works were being undertaken and she queried why it hadn't considered an additional premium as an alternative.

Our Investigator partially upheld this complaint. He didn't think Chubb clearly asked Mrs B, when the policy renewed in November 2023, whether the contents would be kept away from the house. So he didn't think there was anything to alert Mrs B she needed to tell Chubb this. But he said the policy did say she needed to advise of any buildings works that would exceed £200,000. And he said Mrs B was aware of this as she'd discussed it with the broker before the works started. The Investigator was satisfied Chubb wouldn't have continued with providing the insurance had Mrs B told it about the works.

The Investigator also said any concerns Mrs B had about the actions of the broker – i.e. whether it should have told Chubb about the impending works – were a matter between Mrs B and the broker. He said Chubb weren't liable for the broker's actions in this regard.

Given this, the Investigator didn't think it was fair for Chubb to have said Mrs B had made a qualifying misrepresentation at renewal. But he still thought it could decline the claim, given Mrs B didn't tell Chubb about the renovation works. So he thought that Chubb should:

1. Retrospectively amend the terms of the policy and provide a pro rata refund on the remainder of the policy period based on the premium Chubb would've charged; and
2. Pay simple interest on this refund from the date of the repudiation letter to the date of the refund.

Mrs B didn't accept the Investigator's opinion and, in summary, raised the following:

- She didn't agree Chubb weren't liable for the actions of the broker. She said the broker was acting on Chubb's behalf in arranging the insurance policy. So she said Chubb was liable for the broker's actions by way of the law of agency.
- She reiterated she did tell her broker of the impending building works. But no enquiries were ever made regarding this.
- She explained, when looking at getting quotes for the building works, her builders had asked if they could use a wireless alarm system. She highlighted Chubb had advised her broker it was fine with a wireless alarm system. But no follow up enquiries were made about why this was needed.
- She said she was only advised she needed to disclose buildings works as it could invalidate her mortgage arrangements. Her property was mortgage free, so she didn't think this applied to her.
- She set out that, while the policy may have required her to advise Chubb of any rectification works, it wasn't losses arising from the rectification works that are relevant. And she said insurers aren't entitled to rely on a breach of a condition precedent where it did not impact on the loss being claimed for.
- She also maintained that Chubb hadn't provided anything to substantiate it wouldn't have provided cover had it known about the renovation works Mrs B was carrying out.
- She maintained there isn't anything in the policy which set out that she couldn't remove any valuables from the property. She reiterated that the policy covered her valuables "anywhere in the world". So she had no reason to believe moving them would invalidate her insurance policy.
- She said brokers are required to provide qualified and relevant advice. To do so, brokers should gather all relevant information needed to provide such advice. But she believes her broker has failed in this regard.

As Mrs B didn't agree with the Investigator, she asked for an ombudsman to decide this complaint.

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.

I've decided to not uphold this complaint and I'll now explain why.

I should first set out that I acknowledge I've summarised Mrs B's complaint in a lot less detail than she has presented it. Mrs B has raised a number of reasons about why she's unhappy with the way Chubb has handled this matter and also why she disagreed with the Investigator's opinion. I've not commented on each and every point she's raised. Instead I've focussed on what I consider to be the key points I need to think about. I don't mean any discourtesy about this, but it simply reflects the informal nature of this Service. I assure Mrs B and Chubb, however, that I have read and considered everything they've provided.

I also need to make clear that this decision only relates to the actions of Chubb. Mrs B has raised concerns about the actions of the broker. But, other than where Chubb could reasonably be held responsible for the actions of the broker, I'm unable to comment on anything the broker did or didn't do.

Chubb has declined Mrs B's claim for two reasons:

1. She didn't tell it that she'd moved the contents to another location; and
2. She didn't tell it she was having extensive renovation work carried out on her property.

I shall cover each point separately.

Change in location

Chubb has set out that Mrs B should have told it when the policy renewed in November 2023 that the contents weren't being kept at the home address. And it says it would have removed storm cover had it done so.

The relevant law in this case is The Consumer Insurance (Disclosure and Misrepresentation) Act 2012 (CIDRA). This requires consumers to take reasonable care not to make a misrepresentation when taking out a consumer insurance contract. 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. One of these is how clear and specific the insurer's questions were. And the remedy available to the insurer under CIDRA depends on whether the qualifying misrepresentation was deliberate or reckless, or careless.

If the misrepresentation was reckless or deliberate and an insurer can show it would have at least offered the policy on different terms, it's entitled to avoid the consumer's policy. If the misrepresentation was careless, then to avoid the policy, the insurer must show it would not have offered the policy at all if it wasn't for the misrepresentation.

If the insurer is entitled to avoid the policy, it means it will not have to deal with any claims under it. If the qualifying misrepresentation was careless and the insurer would have charged a higher premium if the consumer hadn't made the misrepresentation, it will have to consider the claim and settle it proportionately if it accepts it.

I've thought about what happened in this case.

It's important to set out that each renewal of an insurance policy is a new application. So there is a responsibility upon the policyholder to take reasonable steps to not misrepresent at each renewal too. But, at the same time there's also an onus on the insurer to set out at renewal the information it needs to know. I don't think it did so in this case.

I've reviewed the documentation Chubb sent at renewal and at no point does it ask Mrs B whether the contents would be kept away from the property. The insurance policy itself covered multiple properties and Mrs B set out all the valuables affiliated with each respective property. And, crucially, the policy covered Mrs B's contents worldwide. So I haven't seen anything where Chubb put Mrs B on notice she should have told it she'd moved the contents to a storage barn.

So it follows, therefore, that I don't think Mrs B made a qualifying misrepresentation regarding where the contents were kept. As a result, I don't consider Chubb had any

remedies under the terms of the contract or in law arising from this.

Renovation works

The insurance policy contained the following policy condition:

“Change of risk

The terms of Your Policy and the premium are based upon the information You provide to Us. During the Policy Period, if any of the following events is about to occur, You must tell Us before they happen:

- *any planned building works to any property on Your Policy Schedule expected to cost over £200,000”*

Where one (or more) of the above events occur(s), or is about to occur, We will have the right to amend the terms of Your Policy and charge an additional premium, or cancel Your Policy in accordance with Our cancellation rights set out at page 16 of this Policy booklet.”

So it was a condition of the policy that Mrs B needed to tell Chubb if she was having any renovations carried out which would cost over £200,000. Mrs B was having works costing around £1,000,000, so she was contractually required to tell Chubb of this. And Chubb has provided evidence to show that it wouldn't have continued with the cover had she told it about the works. So I'm satisfied it would have cancelled the insurance policy had it known about the renovation works she was having carried out. And, had it done so, it wouldn't have been provided insurance for the property at the time of the loss.

Mrs B has set out that her broker only told her that the renovation works could have an implication on her mortgage contract. But, as she didn't have a mortgage, she didn't think this applied here. She's also set out that she called her broker to say she was having some building works done and asked whether Chubb were happy for her to have a wireless alarm. She said her broker was acting as an agent of Chubb at the time, so she says Chubb is liable for its actions. And she thinks Chubb and/or the broker should have made further enquiries at this point.

I've considered Mrs B's point here, but I don't agree the broker was acting as an agent of Chubb. The broker was largely Mrs B's agent. I agree the broker carried out certain administrative functions on behalf of Chubb – such as sending out policy documents and acting as a point of contact for the claim. But the broker sold and arranged the contract of insurance on Mrs B's behalf. It also communicated with the insurer on Mrs B's behalf to pass on any queries Mrs B had. But, in doing so, it was acting as an agent of Mrs B, not Chubb. So, Mrs B will need to refer any concerns she has about the broker's actions to the broker directly. I can't hold Chubb responsible for anything the broker did where it was acting on behalf of Mrs B. And I think it was acting on Mrs B's behalf regarding the concerns she's raised.

Ultimately, as I said, the policy required Mrs B to tell Chubb about the renovation works. But Mrs B didn't do so and I've not seen anything that should have alerted Chubb about it. She's set out that it should have become aware of the renovation works when the broker asked it about the wireless alarm. A call recording isn't available to listen to what was specifically discussed between Chubb and the broker. But from the correspondence and file notes I have seen, it suggests the broker contacted Chubb as Mrs B had asked if she could transfer from a wired alarm system to a wireless system. And I think that's most likely to have been the case. I haven't seen anything to show Chubb was advised that this was down to a request from Mrs B's builders or anything else to alert Chubb that she was carrying out

major renovations to her property.

Had Mrs B told Chubb about the renovation works, I'm satisfied there wouldn't have been any cover provided under the policy for the property. Mrs B has said that, even if that was the case, she wasn't claiming for the property, but the contents away from the property. But Chubb would have removed all cover for the property – including the contents. So, had Mrs B told it about the renovations, it wouldn't have covered the contents in any form – i.e. it wouldn't have been insuring the contents when they were damaged. So I think the breach of the policy condition was also material to Chubb's liability.

I appreciate that this is a significant loss to Mrs B, but I can't reasonably say it was unreasonable for Chubb to not cover the claim. I do, however, think it should refund the premiums Mrs B paid for the policy from when the works started as it effectively hasn't provided any cover since then.

My final decision

For the reasons I've set out above, it's my final decision that I partially uphold this complaint and I require Chubb European Group SE to do the following to put things right:

1. Retrospectively cancel the policy back to when the renovation works started and provide a premium refund that would have been given had the policy been cancelled then; and
2. Pay simple interest on this refund from the date of the repudiation letter to the date of the refund*.

* If Chubb European Group SE thinks that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs B how much it's taken off. It should also give her a tax deduction certificate if she asks for one, so she can reclaim the tax if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 29 September 2025.

Guy Mitchell

Ombudsman