DRN-5691153

The complaint

Mr and Mrs G have complained that U K Insurance Limited ("UKI") has voided their contents insurance policy and declined a claim they made.

Reference to UKI includes its agents and representatives. Mr and Mrs G have been represented by another Mr G. For ease of reading, I'll reference to them all as Mr G.

What happened

The circumstances of this complaint aren't in dispute, so I'll summarise the main points:

- Mr G got in touch with UKI after items of contents were stolen from his home. UKI considered the claim, including obtaining valuations for jewellery.

- UKI voided the policy and declined the claim. In summary, it said:

    - Mr G had a £100,000 sum insured for contents – but his contents were worth over £120,000.
    - Mr G had a £30,000 limit for valuables – but his valuables were worth over £100,000.
    - There was a single article limit of £4,000 for valuables. Mr G had specified an item of jewellery for £11,400 – but more items should have been specified and were worth over £20,000 collectively.
    - Had UKI known all of this, it wouldn't have renewed the policy in 2022, prior to the theft. It was therefore entitled to void the policy back to the renewal and to decline the claim as a result.

- Mr G didn't think this was fair and complained. UKI maintained its position.

- Our investigator thought UKI had acted unfairly. He said when UKI renewed the policy in 2022, it didn't ask Mr G to provide the total value of his contents and valuables. As UKI hadn't asked such a question, it was unfair to say Mr G hadn't provided reasonable information – so UKI couldn't void the policy. To put things right, he said UKI should reinstate the policy, remove reference to the voidance, reconsider the claim in line with the policy terms, and pay £250 compensation.

- UKI didn't think this was a fair and reasonable outcome. It thought it had acted fairly. As an agreement couldn't be reached, the complaint has been passed 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.

- When considering what's fair and reasonable in the circumstances I've taken into account relevant law and regulations, regulators' rules, guidance and standards, codes of practice and, where appropriate, what I consider to have been good industry practice at the time. Whilst I've read and taken into account everything said by both parties, I'll only comment on the points I think are relevant when reaching a fair outcome to this dispute. That's a reflection of the informal nature of this Service.

- In summary, UKI has voided the policy because it says Mr G didn't provide the information he should have done when the policy renewed in 2022.

- As our investigator has pointed out, we would usually consider the Consumer Insurance (Disclosure and Representations) Act 2012 (or "CIDRA") in a complaint about information provided by a consumer when taking out or renewing a policy. However, the relevant information in this case relates to estimating values of items – rather than matters of fact. I don't think CIDRA strictly applies to estimates. But I think it would be fair and reasonable to take a similar approach to CIDRA, so it doesn't matter whether it technically applies.

- At that time, UKI sent Mr G a policy schedule. It asked him to carefully read the schedule and let UKI know if anything was incorrect, incomplete or inaccurate. So I'm satisfied UKI made it to clear to Mr G that he should consider the information and tell it if anything wasn't right. I think it's fair to expect Mr G to take reasonable care when considering the information.

- Relevant to this complaint, the key information in the policy schedule said:

    1. Contents – Sum Insured – £100,000.
    2. Valuables Limit – £30,000.
    3. Valuables Single Article Limit – £4,000.
    4. Specified Items as detailed below – £11,400.
    5. Engagement ring and wedding band – Sum Insured – £11,400.
    6. Items valued over £4,000 (eg jewellery and watches, works of art) should be specified on your policy to ensure they are covered for their full replacement value.

- UKI says the figures in points 1 and 2 are too low – they should have been at least £120,000 and £100,000 respectively. This is based on UKI's valuation of the contents and valuables. So UKI has said the figures are too low because it doesn't think the figures reflect the cost to replace the contents and valuables as new.

- This may or may not be the case. But, crucially, the schedule didn't ask Mr G to estimate the cost to replace the contents and valuables as new. It asked him to check a £100,000 contents sum insured and £30,000 valuables limit wasn't incorrect, incomplete or inaccurate. It didn't specify what the phrase 'sum insured' meant.

- I don't think it would be reasonable to expect Mr G to know what UKI meant when it used that phrase. Whilst the policy schedule said it should be read in conjunction with the policy wording, I wouldn't expect Mr G to have to cross reference phrases in one document with another to understand what UKI was asking him to do. And, even if he tried to do so, I note the 'policy definitions' section of the policy wording doesn't define the phrase 'sum insured'. So I don't think Mr G could reasonably have been expected to know UKI wanted him to estimate the cost to replace the contents and valuables as new.

- In the absence of a definition or explanation, I think most people would understand 'sum insured' to mean something like 'the most I can expect to receive in the event of a claim'. So it's akin to an upper limit rather than necessarily an estimate of a value.

So, if Mr G was prepared to accept an upper limit of £100,000 for contents and £30,000 for valuables, the information wasn't incorrect, incomplete or inaccurate, and he had no reason to contact UKI to change it.

- In these circumstances, I'm not satisfied UKI has shown Mr G failed to take reasonable care or provide reasonable information, in relation to points 1 and 2.

- For the same reasons, I'm not satisfied Mr G failed to take reasonable care or provide reasonable information in relation to point 3. UKI simply stated a limit and left it up to Mr G to decide if he was prepared to accept it. However, this point is linked to point 6, so there's more to consider.

- Point 6 goes further than the previous points, because UKI says certain types of items valued over £4,000 "should" be specified so they're fully covered. This is a stronger indication that UKI expected Mr G to think about the replacement value when considering the information. But I still don't think it clearly required Mr G to specify items. It suggests an item worth more than £4,000, but not specified, will only be covered up to £4,000 – so, again, it leaves the choice with Mr G, albeit it does guide him towards specifying items over the limit.

- I haven't seen anything to suggest UKI thought Mr G had acted unreasonably in relation to points 4 and 5, or that it impacted its decision to void the policy. So I don't think this needs further consideration. I've included it because UKI said Mr G added this item – so it shows he understood UKI wanted him to specify items over a certain value. He added the item in 2020. The call recording isn't available. Given how long ago it happened, that's understandable. But it means there's no objective evidence from the time to show why he added the item and to what extent that showed his understanding of what UKI wanted him to do.

- I note Mr G has said no single item exceeded the £4,000 limit in any case – aside from the specified item. So, even if I found point 6 clearly required Mr G to specify any relevant items worth more than £4,000, he says there were no more to specify.

- I've seen a list of items and estimated values. I understand it was prepared for UKI, and it reflects UKI's opinion about the value of the items. The only figures over £4,000 seem to be for groups of items – and the breakdown per item is below £4,000 in every case. This supports Mr G's position that there were no other items to specify.

- Even if I found point 6 clearly required Mr G to specify relevant items – and such items existed but weren't specified – I would go on to consider the impact on UKI.

- UKI has shared underwriting guidelines with this Service to show what the impact would be. Some guidelines are for personal possessions cover – but I don't think that's relevant here as the item specified is under contents cover and the claim is only under contents cover. Other guidelines are for valuables under contents cover, which is relevant. But I don't think it clearly shows UKI wouldn't have offered a policy if more items had been specified.

- So, overall, I'm not satisfied UKI has shown it would be fair to void the policy in relation to point 6.

- That means I'm not satisfied UKI has shown it would be fair to void the policy in relation to any of the points it's raised. It follows that I'm not satisfied it acted fairly.

- To put things right, UKI should reinstate the policy and reconsider the claim, subject to the terms and conditions of the policy. That means the sums insured and the policy limits will apply.

- UKI should also remove reference to the voidance and pay compensation. I'm satisfied the £250 suggested by our investigator is fair and reasonable in the circumstances.

My final decision

I uphold this complaint.

I require U K Insurance Limited to:

- Reinstate the policy.
- Reconsider the claim.
- Remove from any internal or external databases any reference to the voidance.
- Pay £250 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Mrs G to accept or reject my decision before 28 August 2025.

James Neville
Ombudsman