

## **The complaint**

Mrs B has complained about the handling by Fairmead Insurance Limited ('Fairmead') of her insurance claim under her home insurance policy following the theft of equipment from outbuildings. For the avoidance of doubt, the term 'Fairmead' includes reference to its agents and representatives for the purposes of this decision letter. 'Mrs B' includes reference to submissions made by her representatives on her behalf.

## **What happened**

Unfortunately, a burglary took place at Mrs B's premises in late December 2023. Mrs B reported the incident to the police and to Fairmead as it was her buildings and contents insurer at the relevant time. Expensive fishing equipment was stolen in the incident. Whilst the contents of the home were insured for £75,000, there was a limit on outbuilding contents cover of £2,500.

Mrs B was asked by Fairmead in February 2023 to provide a list of the stolen personal items, and an on-site visit took place in April 2023. In January 2024, Mrs B was asked to provide invoices and receipts for the items that had been stolen, and she duly sent a list of items purchased from a particular fishing retailer over a number of years. She confirmed that the items were purchased by the family and not for commercial use.

Mrs B wanted Fairmead to settle her claim for the full value of the stolen items of around £25,000, and not for £2,500, which was Fairmead's eventual settlement offer. She was also unhappy that it took Fairmead over 21 months to make an offer. Fairmead recognised that there had been service failings, and it also offered Mrs B £350 in compensation. Following complaint by Mrs B, Fairmead maintained its stance in relation to the level of settlement.

In the circumstances, Mrs B referred her complaint to this service. An initial investigator partly upheld Mrs B's complaint in April 2025 and recommended an increase in compensation to £500, together with payment of interest on the settlement amount. A second investigator then reviewed the case, having considered the way in which the case had been progressed overall, and he reached the same conclusion as the initial investigator.

Fairmead disagreed with the investigators' views as it considered that its offer of settlement and compensation had been fair and reasonable. The matter has therefore been referred to me to make a final decision in my role as Ombudsman.

## **What I've decided – and why**

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The key issue for me to determine is whether Fairmead's offer of settlement and compensation was a fair and reasonable response to Mrs B's complaint. Whilst I consider

that, on balance, the settlement offer was a fair and reasonable reflection of the policy terms, I don't consider that the compensation offer of £350 fairly reflected the inconvenience caused to Mrs B due to its acknowledged service failings, and I'll explain why.

In reaching this decision, I've considered the submissions of the parties as summarised below. Turning firstly to Mrs B's submissions, she helpfully set out a chronology of key events in her '*statement of facts timeline*', as well as the role of various representatives on behalf of Fairmead and herself. She said that she was asked to repeat exercises such as providing a list of values of items at risk, explaining that there had been no under-insurance, and then having to continuously chase matters until January 2024, when she was suddenly asked for invoices and receipts to prove ownership of the stolen items. She promptly supplied a list of items purchased by the family from a fishing retailer, however Fairmead continued to ask for proof of ownership of personal stolen items.

Mrs B felt that Fairmead had delayed paying out the claim for over a year. She said that when it finally accepted that her claim was legitimate, it offered settlement of £25,000 and then reneged on this and offered £2,500 instead. She considered that the offer of £350 in relation to its service failures was ridiculous.

I now turn to Fairmead's response to Mrs B's complaint. It noted that a fishing business was being run from the risk address and that it hadn't been informed on policy inception that the home was situated in a commercial environment. It felt it necessary to complete enquiries and to validate the claim, as it needed to check details for theft of fishing equipment from Mrs B's property under her home insurance policy. It appears that the claim had initially been set up under a business insurance policy. Fairmead stated that having received the cover details, the details of the theft changed, and it was advised that the entire claim was a personal claim to be submitted under the home insurance policy.

As to the policy limit for personal belongings in outbuildings up to £2,500 where not stated in the schedule as in this case, it agreed that '*this should have been explained earlier in the claims process.*' Nevertheless, it stressed that the settlement was correct and in line with the relevant policy cover.

I've seen from Fairmead's case notes which show that the offer of £25,000 in August 2024 was made by its agent on the basis that if agreed, the figure could be put to Fairmead to see if it would be willing to accept the claim '*with the limited information supplied with regards to substantiation of the claim.*' As at November 2023, the underwriter had indicated that as the claim didn't include anything business-related, the claim could proceed, and that an 'averaging' clause wouldn't apply. Subsequently however, it said that the list submitted by Mrs B had shown that some of the equipment was personal and some belonged to the business. As such, it needed clarification to enable it to consider the relevant items under the terms of the policy.

In relation to the time taken to process the claim. Fairmead explained that due to the nature of the claim, and the facts of the case, it had to take these steps, to include conducting enquiries with the police, and interviewing Mrs B to record a full statement of events and to ask for clear and correct details of what was being claimed and about the use of the items and buildings in which they were stored. As of February 2024, it said that it had been waiting for proof of ownership before it could progress the claim further. It said that Mrs B didn't provide any receipts or invoices showing who purchased the items to prove that they were personal items and not bought through the business. As of August 2024, it was still arguing that only items which were proven to be of personal use should be accepted. It was also only later in August 2024 that it noted the limitation of £2,500 for contents of the garage. Ultimately, in the light of evidence received from the equipment's retailer, whilst it didn't

consider that this evidenced that all equipment had been purchased for personal use, it accepted that this proved *'that some of the equipment has been purchased for private use.'*

Fairmead apologised to Mrs B for any upset or inconvenience caused and offered £350 in compensation, as it recognized that there had been *'slow progress at the beginning of the claim'* and agreed that *'your expectations should have been managed better.'* It didn't consider that it should pay an additional amount in compensation however, nor interest on the claim from January 2024.

I now turn to the reasons for partially upholding Mrs B's complaint. The starting point for complaints of this nature will be the terms and conditions of the relevant policy, as these form the basis of the contractual arrangement between the insurer and the customer. In this case, the relevant policy includes standard cover for theft. It makes it clear that it may request additional information when looking at claims, which may include *'original purchase receipts, invoices, instruction booklets or photographs, bank or credit card statements...'* The policy also makes it clear that customers should make sure that the sums insured shown in the schedule were adequate. In relation to theft, the policy states that the following isn't covered; *'Any amount exceeding £2,500 for contents in any garage or outbuilding unless specified in the schedule'*. Finally, business items are excluded from cover, as follows; *'Any property held or used for business purposes other than as defined under office equipment.'*

Consumers are expected to be aware of the level of cover and key exclusions within their policy documentation. I accept that reading policy documents can be time-consuming to read. Insurers are, in turn, expected to ensure that their policy documents can be clearly understood and that they apply the terms and conditions of their policies, and treat their customers in doing so, in a fair and reasonable manner. The key provision which Fairmead relied upon was the limitation of pay-outs for the theft of contents from garages or outbuildings to £2,500 unless specified in the schedule. In Fairmead's case notes, it has rightly raised the question of interpretation of this provision and acknowledged that it wasn't clear whether the wording was *'intended to be the limit for the whole claim or per item'*.

Home insurance policies regularly place fairly low limits on claims for contents stolen from garages and outbuildings because they are considered more susceptible to break-ins and therefore at higher risk than items stored in the main dwelling. If higher value items are stored in outbuildings, there's generally an expectation that these are itemised in an insurance schedule as per the requirements of the policy in this case, and premiums would then be likely to be higher. There is no available evidence about what was discussed in setting up the policy and whether there had been any discussion about the storage of valuable fishing equipment in the outbuildings. Therefore, whilst this particular clause isn't entirely clear, as it doesn't clearly specify that the policy covers contents to the value of £2,500 in total rather than in respect of each item, I can't say that Fairmead unfairly or unreasonably interpreted the clause to refer to the value of £2,500 in total.

It's notable that Fairmead hadn't sought to rely on this particular provision until very late in claims journey, and this was a most unfortunate service failing. Fairmead apologised that it hadn't fairly managed expectations, and I'm satisfied that Fairmead unfairly raised expectations of a much higher settlement prior to making its final settlement offer. In addition, Fairmead accepted that there had been slow progress at the beginning of the claim. I consider that this slow progress continued throughout the claim. Whilst Fairmead ultimately accepted that the evidence provided by Mrs B was adequate to finalise settlement, I'm satisfied that the settlement could and should have been achieved in January 2024.

In reaching this decision, I've noted that the original claim was made at the end of December 2023, and that the ultimate offer of settlement in the sum of £2,500 was eventually made in the summer of 2024. I can appreciate that the claim wasn't entirely straightforward, that

there was the involvement of numerous representatives, and that there had been business as well as private fishing activity at the site. In addition, Mrs B hadn't been able to produce conclusive evidence of ownership of fishing equipment by the family rather than the business, which would generally be expected by insurers in theft claims.

Having studied all the relevant correspondence however, I can see that as well as Mrs B's regular chasing for progress, Fairmead and its agents had been chasing each other for responses on numerous occasions. This demonstrated unreasonable delays and confusion within its own processes and communications. The crux of the issue however was that Fairmead had failed to identify the key clause which limited liability in relation to the contents of outbuildings. If it had done so at the outset, then it's likely that the evidence supplied by Mrs B, particularly the evidence of the fishing retailer, would have been requested and accepted far earlier in the process.

In conclusion, I can't say that Fairmead ultimately applied the terms and conditions of the policy in an unfair or unreasonable manner. However, I consider that this amount should ordinarily have been paid on Fairmead receiving Mrs B's evidence from the fishing retailer in January 2024, and I award interest from that date accordingly. In addition, I don't consider that the above service failings were adequately recognised in its compensation figure of £350. I agree with the investigators in this case that an award of £500 would provide a fairer reflection of the frustration and inconvenience caused over an unnecessarily long period of time and is well within the range of compensation set out in this service's guidelines.

### **My final decision**

For the reasons given above, I partially uphold Mrs B's complaint, and I require Fairmead Insurance Limited to do the following in response to her complaint; -

- Pay the settlement sum of £2,500 to Mrs B if this hasn't already been paid
- Pay 8% simple interest\* on the settlement amount, calculated from the relevant date in January 2024 up to the date settlement.
- Pay Mrs B compensation in the sum of £500 for the inconvenience caused.

\*If Fairmead considers that it's required by HM Revenue & Customs to deduct income tax from the interest award, it should tell Mrs B how much it's taken off and also provide a tax deduction certificate if requested so that she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 27 August 2025.

Claire Jones  
**Ombudsman**