

The complaint

Mr S and Mrs W have complained that Wakam wrongly voided their home insurance policy and declined their claim in relation to stolen items following a burglary.

For the avoidance of doubt, the term 'Wakam' includes reference to its agents and representatives for the purpose of this decision letter. Reference to Mr S and Mrs W includes submissions made by their independent loss assessor on their behalf.

What happened

Mr and Mrs W had taken out a home insurance policy with Wakam to cover their home with effect from August 2022. Unfortunately, their home was burgled in December 2022, and items of significant value were stolen. Mr S and Mrs W submitted a claim to Wakam and they also immediately reported the matter to the police.

When considering the claim, Wakam came to the view that the correct total contents value was £134,393. It said that if Mr S and Mrs W had informed it that the total value of their contents was over £110,000 when taking out the policy, then it wouldn't have offered cover. Wakam considered that there had been careless 'qualifying misrepresentation' which voided the policy and so it declined the claim. Mr S and Mrs W felt that they had met their obligations under the relevant legislation and taken reasonable care. They thought that Wakam should settle their claim by paying a reduced sum in proportion to the percentage of under-insurance.

Mr S and Mrs W raised a complaint with Wakam, however it maintained its position. In the circumstances, Mr S and Mrs W referred their complaint to this service. Having considered the case in the context of The Consumer Insurance (Disclosure and Representations) Act 2012 ('CIDRA'), the relevant investigator partly upheld the complaint. He considered that Mr S and Mrs W had carelessly misrepresented the position and hadn't taken reasonable care when answering the relevant question. It was his view that if Wakam had been aware of the higher risk involved; it wouldn't have offered a policy. He concluded that Wakam's approach on the substantive issue was fair and reasonable, but that it should refund premiums paid together with interest on these premiums.

Mr S and Mrs W were unhappy with the outcome of their complaint, and the case was therefore referred to me to make a final decision in my role as Ombudsman. I issued a provisional decision to the parties in July 2025 and explained why I was minded to uphold the complaint as follows: -

'The key issue for me to determine is whether, in the light of the CIDRA provisions, Wakam acted in a fair and reasonable manner in voiding Mr S and Mrs W's policy, in not settling their claim, and in failing to reimburse Mr S and Mrs W's premiums. On a provisional basis, I don't consider that Wakam acted in a fair and reasonable manner, and I'll explain why.'

In reaching this provisional decision, I've considered the parties' submissions as summarised below. Mr S and Mrs W explained that a significant quantity of jewellery was stolen, and they'd provided an itemised list of all the items stolen to Wakam, together with

photographs, receipts and proof of purchase where available, totalling over £84,000. They appointed an independent loss assessor to assist them.

Wakam's loss adjuster attended their home in February 2023, and a professional valuation firm subsequently attended in October 2023. Mr S and Mrs W finally received a letter from Wakam in April 2024, in which they were informed that the policy had been voided based on careless misrepresentation. They outlined the correspondence that then ensued and referred to previous letters from Wakam dating from 2023, which gave the impression that the claim would be settled but would be reduced proportionately. Wakam had refused to share its underwriting guide with them as it said that this was confidential.

Mr S and Mrs W didn't feel that they'd carelessly misrepresented the value of contents at risk and felt that they'd taken reasonable care, had answered questions to the best of their ability and had acted in good faith. They felt that the task of valuing an entire household's contents was inherently complex and subjective, particularly for non-experts. A significant proportion of their contents was made up of jewellery, including expensive gifts received over many years with no receipts or professional valuations so, 'precise value is challenging to determine with a high degree of accuracy'. They'd determined at the relevant time that £110,000 would be more than adequate and selected this 'as a cautious estimate, believing it would provide full protection'. They felt that their actions had been transparent and a reasonable attempt to ensure adequate insurance. They said that qualified and experienced valuers determined that the overall value at risk was £134,393, being a very specific figure, which, if alternative valuers were used, wouldn't have been matched exactly.

Using the figure presented by Wakam, Mr S and Mrs W noted that the level of alleged underinsurance was 22%. They didn't consider this to be substantial underinsurance bearing in mind inflationary pressures. They felt that £110,000 was an arbitrary cut-off figure which had not been made clear to them, and that even senior officers within Wakam were unaware of this. They felt that by voiding the policy instead of making a proportional reduction to the claim settlement, this contradicted the 'Sum Insured' condition in the policy booklet which explicitly stated that, should underinsurance occur, any claim settlement may be proportionally reduced by the percentage amount that contents were underinsured.

In summary, even if there had been a careless misrepresentation, which they denied, Mr S and Mrs W considered that Wakam hadn't provided evidence that it wouldn't have underwritten the policy. They said that at no stage was information provided to indicate the 'value at risk' limit. They also said that at no point did Wakam provide any tools, guidance, examples or any suggestions to obtain valuations for individual items, even though a failure to get the estimate 'right' could have serious consequences. Finally, Mr S and Mrs W provided a copy of a previous uphold decision of this service which they considered to be comparable to their own case.

I now turn to Wakam's submissions in response to the complaint. In its final response letter, Wakam referred to Section 5 of CIDRA, to the effect that if the insurer wouldn't have entered the contract if it had known the correct position, the insurer could avoid the contract and refuse to pay all claims. It confirmed that it wouldn't have offered cover if Mr S and Mrs W had declared the correct value of the contents. If they'd tried to select a higher level of cover, the system would have told them that it couldn't have offered a policy, as the website didn't let customers select amounts above the maximum cover level.

Similarly, Wakam stated that if Mr S and Mrs W had been able to select a cover level that more accurately reflected the value at risk, the website would have quoted a different premium. In summary, it stated that it had provided cover based on information provided by Mr S and Mrs W. It confirmed that it couldn't share its confidential underwriting guide with the

customer, however, it shared this with the service. It said that all relevant aspects would have been reflected in the questions asked during the quotation process. As to the emails sent internally, it said that these occurred prior to Wakam knowing the full value at risk. Wakam also thought that the full value figure in their reports hadn't included including some items that would be classed as contents such as carpets and mobile phones, so the true value was even greater.

I now turn to the reasons for my provisional decision. The starting point is the wording of the policy which forms the contractual basis of the relationship between customer and insurer. In this case, the terms and conditions of the relevant policy state as follows; 'If we establish that you carelessly provided us with false or misleading information, we may: treat this policy as if it never existed, refuse to pay all claims and return the premium you have paid us if we would not have otherwise provided you with cover; amend the terms of your insurance if we would have provided you with cover on different terms...; reduce the amount we pay on a claim in the proportion that the premium you have paid bears to the premium we would have charged you, if we would have charged you more; cancel your policy....'

It also states under the heading; 'Your Sum Insured: - You must ensure the levels of cover specified in your Policy Schedule are correct. These are the sums for which you are insured'. It goes on to say; 'It is important to make sure the full replacement value of your contents, including personal items, does not exceed the level of cover shown in your Policy Schedule. If you do not select an appropriate level of cover, you are at risk of being under-insured. This means that, in the event of a claim, any claim settlement may be proportionally reduced by the percentage amount that your contents are under-insured.'

The provisions of The Consumer Insurance (Disclosure and Representations) Act 2012 ('CIDRA') are also pertinent in this case, as Wakam maintains that Mr S and Mrs W carelessly misrepresented the value of their home's contents when taking out the policy. This service has a settled approach to complaints when CIDRA may apply. The Act says that it's the duty of the consumer to take reasonable care not to make a misrepresentation to the insurer when purchasing a policy. If a deliberate or reckless misrepresentation has been made, an insurer may avoid the insurance contract, refuse claims, and retain premiums. If a consumer fails to take care, the insurer still has remedies it can rely upon, provided the lack of care amounts to a 'qualifying misrepresentation.' That is, where the insurer wouldn't have offered the policy if the consumer hadn't made the misrepresentation.

Wakam's underwriting criteria make it clear that it wouldn't offer insurance where the total contents' value was above £110,000. I also note that the policy booklet spells out that a policy may be voided where the value of contents is greater than the insured amount. I've also looked at the relevant screenshots of the guidance that would appear when selecting the value of contents. I note that none of these screenshots spell out that Wakam's maximum contents cover is £110,000. However, they do state that in the event of a claim, if it's discovered that the contents are worth more than the cover level selected, a claim may be declined in full. It's possible that Mr S and Mrs W would have been aware that £110,000 was the maximum cover which Wakam was willing to provide, as the system prevented selection of any higher figure. The 'pop-up' guides were also sufficiently clear to warn the consumer of the consequences of not providing the full replacement value.

In relation to CIDRA however, the key question is whether there has been any misrepresentation. I note that Mr S and Mrs W claim is for a very significant sum and includes valuable single items. Whilst this raises the question of why Mr S and Mrs W hadn't obtained specific individual cover for these and the question of safe storage and security measures for such items, this doesn't assist with the key question. In this respect, the preliminary report of Wakam's loss adjuster in March 2023 as referenced in a further report dated January 2024 noted that 'we can confirm that the property was minimally furnished

and believe that the value of the general contents in the property would be approximately £35,000. Therefore, a sum insured contents in the order of £120 - £130,000 would be in our view the correct assessment of the value at risk.’ Wakam now state that the full replacement value was the specific figure of £134,393.

Clearly, customers must take great care in providing reasonable and realistic estimates/valuations for their household items and particularly in relation to jewellery and valuables. Inevitably, however, without expert input and professional valuations prior to policy inception, customers are likely to take a general and global approach when providing the value of their home contents. There is no evidence in this case that Mr S and Mrs W had failed to take care or failed to act in good faith when making the judgment that their contents were worth no more than £110,000. Mr S and Mrs W have explained that certain jewellery was gifted to Mrs W and so she wasn’t aware of its true value, and I have no reason to doubt that the estimated values were genuine. The fact that Wakam’s professional representative gave an estimate of value to be between £120,000 and £130,000 in January 2024, shows that Mr S and Mrs W’s estimate was relatively close to the lower of this range of figures.

This is a finely balanced matter, however on a provisional basis, I don’t consider that Mr S and Mrs W made any misrepresentation, let alone a careless misrepresentation in estimating values. In the circumstances, I provisionally conclude that it wasn’t fair or reasonable for Wakam to have voided Mr S and Mrs W’s policy and to have refused to deal with their claim. A fair and reasonable approach would have been for Wakam to have proportionally reduced the settlement amount for Mr S and Mrs W’s claim based on the relevant proportion of the claim in relation to the final valuation reached by Wakam’s experts, being £134,393. Having considered the service’s previous decision, I’m not satisfied that the facts are sufficiently comparable to further assist in this particular case.

On a provisional basis, I’m therefore likely to require Wakam to now deal with Mr S and Mrs W’s claim on a proportional basis, in accordance with the remaining provisions of their policy, as they hadn’t misrepresented the value of contents at the relevant time. As such Wakam would be required to reverse the implications of voidance of the policy. It would also be required to pay interest on the settlement amount from the date of the final response letter until the date of settlement’.

In my provisional decision, I asked both Mr S and Mrs W and Wakam if they had any further comments or evidence which they would like me to consider before I made a final decision.

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.

Mr S and Mrs W accepted the provisional decision; however, Wakam didn’t agree with it and provided further detailed submissions. The crux of its disagreement with the provisional decision was that it felt that the decision went against the service’s published case studies ‘on decisions that are exactly like this.’ In referencing a specific case study from the service’s website, it highlighted case study 1; ‘Sofia undervalues jewellery’. It considered that this case study included ‘almost the exact same circumstances (and the exact same defence used to explain them, which was rejected by your service).’

Wakam highlighted the following extract from the case study; ‘We looked at the questions the insurer had asked Sofia when she’d taken out the policy, to see if it was clear what they wanted to know, and what information she should provide.

The relevant question on the online application was “What would it cost to replace all of your contents, as new, including all high-risk items such as jewellery?” We thought this question was clear. We also noted that there was a prominent warning on the online application form that said consumers needed to take care to give accurate answers otherwise all or part of their claim might not be paid - or their policy might be cancelled.

We asked Sofia about her answer. She said she hadn’t ever really thought about the value of the items. They’d been in her family for many years, and although they held a lot of sentimental value, she’d assumed they weren’t particularly valuable financially.

There was no evidence that Sofia had acted in a reckless way or deliberately misrepresented the jewellery’s value. But in our view, she’d acted carelessly when answering the insurer’s questions. Rather than taking the time to think about what the jewellery was worth, or having the jewellery valued, she’d instead made an assumption that turned out to be wrong.

We also asked the insurer what they would have done if Sofia had told them that the true value of her contents was around £60,000. They provided underwriting information to show they didn’t offer policies to anyone with more than £50,000 worth of contents. So they wouldn’t have offered Sofia a policy at all if they’d known what her jewellery was worth.

Although we were sorry about what Sofia had been through, we decided the insurer had acted fairly in their decision to ‘avoid’ her policy, and not to pay her claim.’

Wakam stated that in this example, the difference between the valued amount and the policy limit was only £10,000, and it noted that the magnitude of the difference was a factor in the provisional decision. It stated that it was also clear here that there was an expectation for the customer to take the time to think about the value or even to have the jewellery valued, and not just give a ‘good faith’ answer. Wakam couldn’t see how the service could publish case studies like this, and then not expect a business to make its decisions based on them.

I can understand Wakam’s frustration, and as stated in the provisional decision, this is indeed a finely balanced matter. Wakam fairly refers to the service’s case studies, and on the face of it, the quoted case study deals with very similar circumstances to that of Mr S and Mrs W. Nevertheless, each case must be considered on its own facts and merits, and in this particular case, I remain satisfied that Mr S and Mrs W didn’t make a careless misrepresentation.

The additional information contained in the case study, which is omitted by Wakam, but which is pertinent and renders it factually very different to Mr S and Mrs W’s case is the following: ‘Sofia told us she had insured the items for around £10,000. But when she’d made a claim, the insurer had told her the replacement value of all the items at the property was closer to £60,000. They said that if they’d known this, they wouldn’t have insured her at all, because their limit for contents cover was £50,000’. In the case study, Sophia had said that she hadn’t ever really thought about the value of the items. In Mr S and Mrs W’s case, I’m persuaded by their evidence that they selected the figure as a cautious estimate, had taken time to consider that matter, and did so in good faith

In reaching this final decision, I’ve again considered all evidence and find that whilst the policy is clear as to the requirement for valuations in order to make a claim, no such requirements are specified as to estimating values when purchasing cover. The policy booklet makes it clear that when dealing with a claim in relation to an item of jewellery or a watch which exceeds £3,000, Wakam will; ‘require proof of purchase and an independent valuation less than 3 years old at the point of the claim (or sufficiently detailed proof of purchase that a valuation can be carried out after the fact)’. Wakam will presumably apply

this provision when it processes the claim. However, I'm persuaded that in providing values to set up the policy, that Wakam didn't provide Mr S and Mrs W with any tools, guidance, examples or any suggestions to obtain valuations for individual items.

In any event, I also find that even without such tools, guidance, examples and suggestions, Mr S and Mrs W provided an estimated value that was relatively close to the lowest in the range of values provided by Wakam's own expert, with less than 9.2% variation. This is in stark contrast to '*Sophie's case study*' where the percentage variation was over 83%, and where the customer accepted that she hadn't ever really given the matter of valuation any thought. I appreciate that in '*Sophie's case study*', the difference between the policy limit and the true value of the contents was £10,000 and that the difference between the policy limit in the case of Mr S and Mrs W and the lowest in the range of values provided by Wakam was also £10,000, however this comparison doesn't assist in relation to the question of whether Mr S and Mrs W had carelessly misrepresented the position on the specific facts of their case. For the reasons given above, I'm satisfied that they acted in a reasonable manner and didn't make a careless misrepresentation.

In the circumstances, whilst I've considered Wakam's submissions very carefully; they don't alter my provisional opinion. In conclusion, I'm satisfied that this Final Decision provides a fair and reasonable outcome to the matter, and I therefore uphold Mr S and Mrs W's complaint as follows.

My final decision

For the reasons given above, I uphold Mr S and Mrs W's complaint and require Wakam to do the following in response to their complaint: -

- Treat the policy as not having been void, and remove any adverse record in this respect from all relevant databases.
- Settle Mr S and Mr W's claim for the theft of items in accordance with the remaining terms and conditions of the policy and on a proportional basis.
- To pay 8% simple interest* on the settlement amount, as calculated from the date of Wakam's final response letter.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs W to accept or reject my decision before 21 August 2025.

Claire Jones
Ombudsman