The complaint

Mrs B and Mr I complain Tesco Underwriting Limited unfairly declined a theft claim against their home insurance policy.

What happened

The details of this complaint are well known to both parties, so I won't repeat them here. Instead, I will focus on the reasons for my 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.

Mrs B and Mr I held home insurance with Tesco from 2021. In 2024 they made a theft claim. Tesco considered the claim and determined the value of Mrs B and Mr I's contents and valuables was much higher than had been declared. It decided to void the policy, decline the claim and refund the premiums Mrs B and Mr I had paid.

Mrs B and Mr I complain this is unfair. They say they were honest and answered Tesco's questions to the best of their ability, they didn't knowingly underinsure or misrepresent their valuables, Tesco should at least honour the £75,000 of cover they reasonably believed they had, and they should be awarded compensation for poor claim/complaint handling.

Tesco has shown Mrs B and Mr I applied for home insurance online in 2021. It's provided a screenshot of the application process which includes the following:

> "*Contents cover*
>
> *Up to £75,000 included as standard, which includes a limit of £15,000 for all your valuables.*
>
> *If it will cost more than this to replace all your contents and/or valuables (as new), please select the appropriate amount below. We cannot provide insurance for your contents if it would cost more than £100,000 to replace them.*"

The welcome documentation sets out the limit for contents as £75,000 with a limit for valuables of £10,000. It's unclear why the limit for valuables was £10,000, but I note the Insurance Product Information Document (IPID) said valuables cover ranges from £10,000 to £30,000, so the limit Mrs B and Mr I received was within this range.

The policy renewed in 2022 and 2023. At the 2023 renewal (the policy applicable for this claim) Mrs B and Mr I were asked, on page 1 of the August 2023 renewal invitation (as well as something similar later in the September 2023 welcome documentation), to:

> "*Please check all your documentation as these provide information on your cover and the details we hold about you. It is important you check your details are still correct,*

as inaccurate information could result in claims not being paid or your policy being voided."

The invitation (and welcome documentation) included a statement of fact which said the following at the top:

"*Please review all of the information and limits below. If you have not answered any questions honestly, withheld information or not selected the correct level of cover to replace 'as new' your contents and valuables, personal possessions, specified items and bicycles, we may refuse to pay your claim, pay only part of your claim and/or void your policy*."

The statement of fact(s) then set out the total contents limit of £75,000, the definition of valuables (jewellery, watches, items of gold, silver or any other precious metal, stamp, coin or medal collections, pictures, other works of art and furs) and a statement, which said:

"*The replacement value as new of all valuables exceeds the maximum shown on the schedule*"

Next to the statement is a 'No'. The schedule(s) sets out the maximum for all items of valuables as £10,000.

When Tesco considered the claim, it determined Mrs B and Mr I were significantly underinsured. It's shown the claim for the valuables was estimated to be about £200,000, and this figure excluded the valuation of some expensive watches.

While I accept Mrs B and Mr I will be disappointed, I find Tesco's decision to avoid the policy, decline the claim and refund the premiums Mrs B and Mr I paid is a fair and reasonable one. I say this for the following key reasons:

- I find Tesco made clear the limits which applied to Mrs B and Mr I 2023/2024 policy, the need for them to check the information (including the limits) was correct, and the potential consequences of not doing so. The onus was therefore on Mrs B and Mr I to review the information and ensure the policy was right for them.

- I find Mrs B and Mr I knew (or ought reasonably to have known) their contents and valuables were worth significantly more than they'd been insured for. They had many expensive items, including high purity and weighty gold items, and the difference cannot, in my view, be explained by a difference of opinion (£10,000 vs £200,000+).

- Mrs B and Mr I say Tesco should have alerted them to the need to value their items, and of the chance for costs increasing. It's not Tesco's responsibility to do this, and I find it's generally known that the price of gold can - and usually does - increase over time. The onus was on Mrs B and Mr I to ensure the cover was right for them.

- Tesco has shown it wouldn't have offered contents insurance to Mrs B and Mr I at all had it known the value of their contents and valuables. Tesco has therefore been negatively impacted by Mrs B and Mr I not ensuring – as they were asked to – the limits covered the value of their contents.

- The Consumer Insurance (Disclosure and Representations) Act 2012 ("CIDRA") doesn't apply because there was no qualifying misrepresentation, but I find its remedy principles to be helpful. I'm satisfied Tesco's actions are in line with CIDRA principles because they return both parties to the position prior to cover starting.

Mrs B and Mr I also complain about the customer service they received while their claim/complaint was being considered. I’m afraid I don’t agree with the Investigator on this point. Tesco was entitled to consider the claim, and it did so appropriately through interviews and valuations. The time it took to make decisions was therefore understandable.

While Tesco may not have provided information to our Service as the Investigator thought it should, there were some administrative reasons for this and the relatively minor delay didn’t likely make a material difference to Mrs B and Mr I given their focus on the claim decision. Overall, I see no compelling reason to require Tesco to pay Mrs B and Mr I compensation.

My final decision

I don’t uphold this complaint.

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

James Langford
Ombudsman