

## The complaint

Mr M's complained that Liverpool Victoria Insurance Company Limited ("LV") unfairly declined his claim and cancelled his policy after he claimed for jewellery stolen in a burglary, because they said he was underinsured.

## What happened

Mr M first bought buildings and contents insurance from LV in 2019. He renewed it in 2020 and 2021. The policy provided unlimited buildings cover and cover of £150,000 for contents.

In spring 2022, Mr M's home was sadly burgled and a large number of items of jewellery taken. LV initially validated the claim and offered a cash settlement to Mr M. But, when he reviewed the offer, Mr M pointed out that just over half of the items taken had been missed from the claim.

LV had their assessor reassess the claim to include all the stolen items. The assessor valued the total claim at over £237,000 - £87,000 more than Mr M's contents cover. LV asked Mr M why he'd only bought contents cover for up to £150,000. Mr M explained that he'd relied on receipts and certificates he had for the jewellery, which showed it had a value of £70,000-£80,000. So he thought £150,000 was sufficient cover for his contents.

LV didn't accept Mr M's explanation and said Mr M had underinsured his contents. They said that, if they'd known the true value of the jewellery, they wouldn't have offered cover. They said this entitled them to cancel the policy and treat it as if it never existed. So they wouldn't pay the claim.

Mr M complained to LV that they'd made him two offers to settle but had then withdrawn those offers. He challenged the valuation of £237,000. And he complained that LV had delayed the claim and then his policy had been cancelled.

LV rejected Mr M's complaints about voiding his policy because they were satisfied that his jewellery alone was worth more than his total contents cover. They said his claim had been put on hold by him in late 2022 and was re-opened in April 2024. Their decision to void the policy followed in June 2024. But LV did accept they delayed in letting Mr M know their decision. They paid him £250 compensation for this.

Mr M wasn't satisfied with LV's response and brought his complaint to the Financial Ombudsman Service. Our investigator reviewed the information provided by both parties and concluded LV had acted unfairly when they declined his claim completely.

She accepted he had only £150,000 worth of contents cover. So he had a reasonable expectation of receiving that amount for what he'd lost. And she noted LV accepted he'd not deliberately underinsured his contents.

The investigator said that, to put things right, LV should reinstate the policy and consider Mr M's claim in line with the policy terms and conditions. And they should add 8% interest to any settlement they make, calculated from the date one month after the claim was made,

until they pay. She also thought that the £250 compensation LV had paid wasn't enough to compensate Mr M for what had happened, and LV should pay a further £250.

I agreed with our investigator that the complaint should be upheld. But I thought LV should do something slightly different to put things right. I agreed that LV should reinstate the policy, assess the claim and pay £250 compensation. But I didn't agree with the date from which LV needed to pay interest on any settlement. I said that the start date for calculating interest should be 25 April 2024 because that was the date LV were in a position to settle the claim.

Both parties have now had the opportunity to comment on my provisional decision. So the complaint's been returned to me to make 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.

Having done that, I'm upholding Mr M's complaint for the reasons I set out in my provisional decision, which I've summarised above.

Mr M accepted my provisional decision. LV said that, while they didn't accept it, they wouldn't contest it. So, as neither party have given me any reason to change my provisional decision, I'm satisfied that LV needs to resolve the complaint as I've summarised above.

### **My final decision**

For the reasons I've explained, I'm upholding Mr M's complaint about Liverpool Victoria Insurance Limited and directing LV to:

- reinstate his buildings and contents insurance policy;
- assess Mr M's contents claim, in line with the policy terms ;
- pay simple interest on the settlement, calculated at the rate of 8% per annum from 25 April 2024 until they pay the claim; and
- pay Mr M £250 compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 10 September 2025.

Helen Stacey  
**Ombudsman**