

The complaint

Miss K and Mr W complain U K Insurance Limited unfairly declined a claim they made on their home insurance policy following a fire in a garage.

Mr W has been the main correspondent for the claim and complaint. As such, for ease I've mostly only referred to him in the body of this decision.

What happened

There was a fire in a garage used by Mr W. He made a claim on his UKI home insurance policy. He estimated the contents of the garage were, in total, worth around £70,000.

Early on in the claim, UKI made an interim payment of £5,200 for an item Mr W had said was in the garage, but later, following further enquiries, UKI declined the claim. It said the garage was not covered under the policy because it wasn't located within the boundary of the property. As such, it said it wouldn't pay any further amount for the claim, but it wouldn't seek to recover the interim payment made.

Mr W complained to UKI, he said UKI hadn't shown in the policy terms that the garage needed to be within the boundary of his property. UKI didn't agree to change its position and so Mr W referred his complaint to the Financial Ombudsman Service for an independent review.

Our Investigator didn't think UKI had acted unreasonably in declining the claim under the "contents" section of the policy. But she noted the policy provided £10,000 worth of cover for items temporarily stored outside of the home. She was satisfied Mr W had told UKI many items were only in the garage because he was carrying out home renovations. So, she thought UKI should have considered the claim under this section and agreed to pay the claim up to the £10,000 limit. She thought it should now do that and said, given UKI hadn't offered this to Mr W, it had caused unnecessary distress and inconvenience. So it should pay £150 compensation.

UKI accepted that outcome, it said given the previous cash settlement of £5,200, it left £4,800 as a limit on the claim (excluding the excess).

Mr W didn't accept the outcome. He said as well as contents away from the home, personal possessions should also be covered. He also didn't accept it was reasonable for UKI to decline the claim.

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.

The claim was made under the contents insurance section of the policy, and as always with an insurance claim, the policy terms must be considered.

The contents insurance section says *"the contents in your home are covered for damage caused by...fire"*, with fire being one a number of things covered. "Home" is then defined as: *"The main residence occupied by you, at the address shown in your schedule, including its domestic garages and outbuildings."*

UKI's position is that the garage isn't owned by Mr W and isn't located at the address listed on the schedule (i.e. his home address). Instead, the garage is on a different street, and so its contents do not meet the definition of "home" because that definition only extends to the address of the main residence. As such, it says the contents of the garage are therefore not covered under the policy.

Mr W's position is that the term does cover the garage because the garage is associated with his home address, because it contains his belongings. And he says only residents in his street are entitled to make use of the garages. So he says the term should be interpreted that the contents in the garage are covered.

I'm persuaded by Mr W's arguments on the definition. I find the *"its"* in the policy term clearly means garages and outbuildings at the same address as the *"main residence occupied by you, at the address shown in your schedule"* are covered by the policy. I don't think it can reasonably extend to a garage Mr W rents, that is situated at a distance from the property, that has an entirely different address. Even if it is only residents on his road who are eligible to rent out those garages.

I appreciate Mr W had a significant amount of contents in the garage, due to an ongoing renovation. And I know UKI's decline of the claim has had a big impact on his family. But having considered matters, I'm not persuaded a fair and reasonable outcome of this complaint would be for me to require UKI to cover all of the contents in the garage. I can't reasonably say the garage, located at a walking distance from the property on a different street and with a different postcode, could reasonably meet the definition of "home" as set out by the policy.

I note UKI has said it will not seek to recover the interim payment made to Mr W earlier in the claims process, I find this a reasonable position for it to take. But I don't accept Mr W's point that in making a payment, UKI cannot later decline the claim. Whilst Mr W says he's been advised this is the legal position, he hasn't provided anything, such as legislation or caselaw in support of that. And in any event, whilst this Service takes account of the law and regulations, it's my role to consider the complaint on a fair and reasonable basis. And for the reasons set out above I'm not satisfied a fair and reasonable outcome of the complaint would be for UKI to settle the claim under the contents section of the policy.

However, like our Investigator I'm satisfied UKI should consider Mr W's claim under the *"contents temporarily away from your home"* section of the policy, which offers up to £10,000 worth of cover, with Mr W having £4,800 worth of cover remaining on the policy. UKI has accepted this recommendation so I'm not going to issue any detailed findings on it. As far as I'm aware Mr W has already given UKI a lot of information about the contents lost. So if it needs further information from Mr W in order to validate the claim under this section, it will need to contact him. And to any payment it does make under this section, it should add 8% simple interest from the date it declined the claim (30 September 2024) until the date of settlement. This is to reflect the time Mr W has been unfairly without those funds.

Mr W has said UKI hasn't considered the claim under the personal possessions section of the policy. But as far as I can see he hasn't told UKI, nor this Service, which of the items in the garage he considers would be covered by this section of the policy. And it isn't the role of this Service to assess Mr W's claim against the policy terms, because this Service reviews complaints, not claims. That being said, UKI is the expert here, and given it has Mr W's loss list, I'm also going to direct it to consider if any payment can be made under this section of the policy. And if it does settle a claim under this section, it will also need to add 8% simple interest per annum onto this amount.

I understand this has been a very difficult time for Mr W and his family. But I have to bear in mind that most of the upset caused to them has been as a result of the fire and not being able to replace a number of their items due to the claim largely being declined. UKI is not responsible for much of that upset. But it could have provided better assistance to Mr W, and

it could have helped him validate a claim for contents temporarily away from the home and personal possessions. For the unnecessary distress and inconvenience caused I'm satisfied an award of £150 is reasonable.

My final decision

My final decision

My final decision is that I uphold this complaint and I direct U K Insurance Limited to:

- Consider Mr W's claim for contents stored temporarily away from the home, up to the policy limit. It will need to contact Mr W to assist him in validating the claim under this section of the policy.
- Consider Mr W's claim for personal possessions, up to the policy limit. It will need to contact Mr W to assist him in validating the claim under this section of the policy.
- To any settlement it then pays under either section, it will need to add 8% simple interest per annum* from the date of the complaint final response letter (30 September 2024) until the date of settlement.
- Pay Mr W £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K and Mr W to accept or reject my decision before 23 December 2025.

*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require UKI to take off tax from this interest. If asked, it must give Mr W a certificate showing how much tax it's taken off.

Michelle Henderson
Ombudsman