

The complaint

Mr D and Mrs D complain about the premium they have paid to U K Insurance Limited (UKI) under their home insurance policy.

This complaint has been bought by both Mr D and Mrs D, but as Mr D has been leading in the complaint, and for ease, I've referred to him throughout.

What happened

The circumstances of this complaint will be well known to both parties and so I've summarised events.

Mr D held a home insurance policy provided by UKI. In 2013 the sum insured for Mr D's contents increased to over £100,000 due to index linking. UKI added endorsements to Mr D's policy which meant he was only covered for theft if a monitored alarm was set and maintained. Mr D says he contacted UKI at the time but was told this was only applicable if he had an alarm at his property, and as he didn't, this wouldn't apply to him.

Mr D continued to renew his policy with UKI. In 2024 when discussing his renewal, UKI told Mr D he wasn't covered for theft unless he had an alarm and complied with the policy endorsements. Mr D reduced his sum insured for contents to £100,000 so the endorsements no longer applied but also raised a complaint with UKI. He said UKI were aware his property didn't have an alarm and so had been charging him premiums for something he wouldn't have been able to benefit from.

On 30 September 2024 UKI issued Mr D with a final response to his complaint. It said it was unable to find a record of the conversation Mr D said he had with it in 2013, but the endorsements had been clearly outlined in the renewal notice. It said although theft or attempted theft would have been excluded from cover, it had also provided other cover under the policy, so it wouldn't agree to refund premiums. It also said there was little difference between the premium paid for the higher sum insured but as a goodwill gesture it would pay Mr D £50 to cover the difference in premium he had paid over the years. Mr D didn't think this was reasonable and so referred his complaint to this service.

Our investigator looked into things. He said even if he were to accept UKI were aware Mr D didn't have an alarm, he didn't think Mr D had suffered a loss because of this. He said Mr D was still able to benefit from the policy throughout this period and the £50 compensation it had offered was reasonable.

Mr D didn't agree with our investigator. He said UKI were aware he didn't have an alarm fitted at his property and so should receive a refund for the premium he paid for theft cover as he would have been unable to receive benefit for this.

As Mr D didn't agree with our investigator the complaint has been passed to me to decide.

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.

I want to acknowledge I've summarised Mr D's complaint in less detail than he's presented it. I've not commented on every point he has raised. Instead, I've focussed on what I consider to be the key points I need to think about. I mean no discourtesy by this, but it simply reflects the informal nature of this Service. I assure Mr D and UKI I've read and considered everything that's been provided.

Having considered all of the evidence provided, I think the £50 compensation UKI have offered is reasonable in the circumstances and I'll explain why.

Even if I were to accept Mr D wasn't appropriately made aware of the alarm endorsements when they were added in 2013 or during subsequent conversations, I would need to think about what position Mr D would have been in otherwise. And I don't think this means Mr D is automatically entitled to receive a refund of the premium he has paid toward his policies.

I think had Mr D been fully aware of the requirements of the alarm endorsement he would have still taken out his insurance policy, particularly given it covered a range of insured events, not just theft. Although I acknowledge he may have thought more carefully about the sum insured of his contents.

Mr D has now reduced his contents cover to £100,000 so there is no longer an alarm endorsement on his policy. Even if I were to accept Mr D would have done this earlier had he been fully aware of the requirements of the policy endorsements, I'm not persuaded this has meant he has paid more in premium than UKI have already paid him as part of his complaint. I say this because in 2022 Mr D discussed reducing his contents cover to £100,000 and this changed the premium due by around 50p.

I've also thought about the distress and inconvenience Mr D has been caused by this issue. I think any impact on Mr D has been minimal. He hasn't had to submit a claim for theft, and has been able to make changes to his policy so the alarm endorsement is no longer required.

Taking all of the circumstances into consideration, I think the £50 UKI have offered is reasonable to acknowledge any additional premium Mr D has potentially paid and the minimal distress and inconvenience he has been caused by this issue. So, I don't require UKI to increase this.

My final decision

U K Insurance Limited has already made an offer to pay Mr D and Mrs D £50 to settle the complaint and I think this offer is fair in all the circumstances. So, my final decision is that U K Insurance Limited should pay Mr D and Mrs D £50 compensation if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Mrs D to accept or reject my decision before 13 October 2025.

Andrew Clarke
Ombudsman