

## **The complaint**

Mr and Mrs H complain that U K Insurance Limited (UKI) didn't provide enough information when they made a claim under their home insurance policy.

Mr and Mrs H are joint policyholders, but most of the communication regarding the claim and complaint has been from Mrs H. So I'll refer mainly to Mrs H in my decision.

## **What happened**

Mrs H had a home insurance policy with UKI which included cover for her buildings and contents. In November 2024, following an escape of water primarily affecting the toilet area, she made a claim for damage to her buildings.

After UKI's agent attended Mrs H's property, they recommended the carpet in the adjoining playroom be replaced. So along with the buildings damage, UKI also covered the replacement of the carpet.

Mrs H complained in May 2025, after she discovered during renewal, that as well as her buildings no claims discount (NCD), her contents NCD had been affected too. She said if UKI had informed her claiming for the carpet would have affected her contents NCD, she wouldn't have proceeded with the repair, given the damage wasn't significant.

UKI didn't uphold Mrs H's complaint, so she referred it to the Financial Ombudsman Service. She said the damage was to a small area of carpet in the playroom. She understood cover would be under her buildings insurance claim and if she'd known, she would have declined the work to the carpets and let it dry instead. She said she lost her contents NCD as a result, and UKI had failed in its obligations under The Consumer Duty.

The Investigator upheld the complaint. They were satisfied it was fair for UKI to treat the carpet as contents. But they said UKI should have explained the impact on Mrs H's contents NCD if she pursued the claim for the carpet. And if it had done, they didn't think Mrs H would have proceeded with the claim. So they asked UKI to remove the carpet claim from the claims and underwriting exchange (CUE) and reinstate Mrs H's contents NCD. They also said UKI should recalculate Mrs H's last renewal premium and refund any resulting difference, with interest, and pay Mrs H £150 compensation.

Mrs H agreed but UKI didn't agree. It said it was not part of its process on a claim to go through each item and state whether it was buildings or contents. And when Mrs H first made her claim, she was informed her NCD would be affected. UKI also said the carpet needed to be replaced, and couldn't simply be dried.

## **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.

*Is the carpet contents?*

I understand in agreeing with the Investigator's view, Mrs H hasn't objected to the carpet being treated as contents. But for completeness, I've reviewed the policy terms, including the definition of buildings and contents. Having done so, and keeping in mind the evidence suggests Mrs H's carpet was not glued on, but held in place with gripper rods, I'm satisfied UKI acted fairly in treating the carpet as contents.

*Should UKI have told Mrs H about the contents NCD being affected?*

I understand when Mrs H first made the claim, it was for damage to her buildings as a result of the escape of water. And from UKI's comments, I understand that it informed her at that point, her NCD would be affected. So I consider Mrs H was led to believe her buildings NCD would be affected as a result of the claim.

From what Mrs H and UKI have said, it wasn't until after this, when UKI's agent attended the property, that a recommendation was made to replace the carpet in the playroom, due to damage to one section. The only item covered as contents under the claim was the carpet.

At that point, Mrs H said she was under the impression the claim was still proceeding entirely under the buildings section of her cover. Having reviewed her comments and given that she appears to have paid one excess, I'm satisfied this was the case.

Mrs H mentioned The Consumer Duty. And under the rules relating to this, firms have a duty to give consumers the information they need to allow them to make informed decisions. I note that the buildings and contents cover are separate types of cover, with separate limits, outlined under separate sections, with a separate excess, separate definitions, separate NCDs and likely a separate premium. With the above in mind, and given a claim for contents was recommended by UKI's agent, after a buildings claim had been made, I consider UKI ought to have provided reasonable guidance to Mrs H, to help her make an informed decision to claim under the contents section of her policy. And I consider this included appropriate information about the impact to her NCD for contents. I've not seen sufficient evidence to persuade me UKI provided this information. So I think it acted unfairly.

UKI said it's not part of its process on a claim to list what items are buildings or contents. It's not my role to set out what processes UKI should follow, but I can consider whether UKI acted fairly and reasonably in the individual circumstances of the complaint. And for the reasons outlined above, I don't think it did.

*What would Mrs H have done?*

I've considered what Mrs H would have done if UKI had given her information about the impact on her contents NCD, if she proceeded with the claim for the carpet.

When Mrs H made the claim with UKI, it appears her intention was to claim for damage to her buildings. It wasn't until UKI's agent suggested a replacement of the carpet that this was claimed for. From what I've seen, this was because of damage to a section of the carpet in Mrs H's playroom.

Mrs H said if she'd been properly informed by UKI, she'd have declined to proceed with the claim for the carpet. And in the circumstances, I consider it more likely than not that she'd have done so. I say this because the evidence suggests the damage was not substantial, and was to what was likely regarded as a spare room. And in the circumstances, I think it's more likely than not Mrs H would have decided against proceeding with the claim, based on her understanding of how the loss of her contents NCD would affect her future premiums.

UKI said the carpet had to be replaced and couldn't simply be dried. I've reviewed the

photos UKI provided, but I consider this only shows damage to one small section of the underlay. I'm not persuaded it still wasn't possible to dry the carpet and repair the affected section of the underlay. So, I'm not persuaded Mrs H would have agreed to proceed with the claim, at the expense of her contents NCD, to address a small section of damage to the underlay in a spare room.

Overall, for the reasons outlined above, I find UKI acted unfairly in not informing Mrs H of the impact on her NCD if she proceeded with the claim for the carpet. And If it had done, I consider it more likely than not that Mrs H would have declined to proceed with the claim. So I don't think she'd have lost her contents NCD, or as a result, incurred any increased cost in subsequent renewals. So I will direct UKI to remove details of the contents claim from Mrs H's policy, as well as the relevant database, and recalculate her renewed premium on this basis. And because I'm satisfied UKI's actions caused Mrs H some distress and inconvenience, I agree it should pay her £150 compensation.

### **My final decision**

My final decision is that I uphold this complaint.

I require U K Insurance Limited to:

- Remove details of the contents claim from Mr and Mrs H's policy and CUE.
- Reinstate the contents NCD on the basis the claim for the carpet was not made.
- Recalculate Mr and Mrs H's renewal premium based on the above. If this results in a lower premium, refund them the difference, along with interest at a rate of 8% simple per year on this amount from the date the premium was paid, to the date of settlement.\*
- Pay Mr and Mrs H £150 compensation.

*\* If UKI considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr and Mrs H how much it's taken off. It should also give Mr and Mrs H a tax deduction certificate if they ask for one, 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 and Mrs H to accept or reject my decision before 4 March 2026.

Monjur Alam  
**Ombudsman**