DRN-5850642

The complaint

Mr and Mrs S have complained about Haven Insurance Company Limited's decision to avoid their home insurance policy and refuse their claim for damage to their home caused by a fire because of this. They have also complained about the way Haven handled their claim up to the point it avoided their policy.

Any reference to Haven includes its agents.

What happened

Mr and Mrs S renewed their home insurance policy with Haven in July 2024. Prior to this they'd received a letter saying that Haven would not be renewing their policy because it seemed the cost of replacing their contents was over £100,000. And Mrs S had called Haven and said that they didn't have contents with a value of £100,000 anymore and that a sum insured of £75,000 would be enough. And the policy was renewed on this basis and documentation was sent to Mr and Mrs S showing the revised contents sum insured of £75,000.

Mr and Mrs S's home suffered damage due to a fire at the end of August 2024. And they put in a claim under the policy for damage to the building itself and to some of their contents. Haven appointed a firm of loss adjusters, who I'll refer to as Q, to deal with the claim. And there was then a period where it seems Mr and Mrs S were liaising with the individual loss adjuster from Q to try and understand the process he would follow in dealing with their claim. Scaffolding, including a 'tin roof', was put up at their home and they moved to alternative accommodation. Also, a company, who I'll refer to as D, came in and assessed the damage to their contents, as well as estimating the likely replacement cost of their contents as a whole. It seems D also took some of the damaged contents away.

In January 2025 Haven asked Mr and Mrs S to complete a value at risk (VAR) form in respect of their contents. Mrs S raised concerns about the deadline they were given for completing this. And an agent from Haven told them the deadline couldn't be extended and it was only intended to be a rough estimate of the value of their contents. Mr and Mrs S provided the form and estimated the value of their contents at this point at around £125,000. They then updated it and estimated the value at around £127,000. Haven then sent a letter to Mrs S saying that she had declared an incorrect contents sum insured. And that it considered this to be a careless misrepresentation under the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). It went on to say that it would not have offered Mr and Mrs S a policy if Mrs S had made it aware of the correct contents sum insured and that because of this it had decided to avoid their policy from 7 July 2024. Haven also explained that this meant it refuted any claim under the policy.

Mrs S complained to Haven about its decision to avoid the policy. However, Haven wouldn't alter its position and sent Mrs S its final response on 3 April 2025. It seems that Mrs S had already complained about the way her and Mr S's claim had been handled and had a separate final response apologising for some failings on Haven's part and offering them £500 in compensation for distress and inconvenience. However, we were not provided with a copy of this letter. But – as I understand it – Mr and Mrs S have never been paid the £500.

And when our investigator asked Haven about this, the case handler said that he could not comment or provide any information on it, as he was in the underwriting area and it was a complaint about claim handling.

Mr and Mrs S asked us to consider their complaint about the handling of their home insurance claim and the avoidance of their policy on 7 February 2025. We told Haven about this and this led to it issuing the final response I've referred to above on 3 April 2025.
One of our investigators considered Mr and Mrs S's complaint. He initially said that it shouldn't be upheld on the basis he thought Haven was entitled to avoid Mr and Mrs S's policy and refuse their claim. And he said he had not considered their complaint about the way their claim was handled. Mr and Mrs S did not agree with the investigator's view. They made further representations in support of their complaint. This then led to the investigator issuing a further view on their complaint. In this he said Haven was wrong to avoid their policy. And he said Haven should reinstate it and settle Mr and Mrs S's claim in accordance with the policy terms, as well as paying them £550 in compensation for distress and inconvenience.

Haven didn't accept the investigator's second view and asked for an ombudsman's decision. It then later provided a letter from a solicitor representing it explaining why it did not agree. The solicitor referred to D's report, which it said was not disputed, and suggested the true valuation of Mr and Mrs S's contents at renewal of their policy in July 2024 was around £220,000. It then pointed out this exceeded the limit Haven had and that it would not have offered cover if it had known this was the true valuation. It also said the policy wording provided to Mr and Mrs S clearly spelt out what the contents sum insured related to. And in stating what contents sum insured they wanted Mrs S was under a duty to take reasonable care not to make a misrepresentation. It then suggested that there was no dispute that the value of Mr and Mrs S's contents exceeded £100,000 and that they failed to advise Haven that their contents sum insured was 'woefully inadequate'. And that in view of this it considered Mrs S misrepresented the 'sum' of the contents of her home. And it finally concluded that in light of all this Haven's decision to avoid Mr and Mrs S's policy was reasonable.

I issued a provisional decision on this complaint on 3 September 2025 in which I set out what I'd provisionally decided and why as follows:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I've decided to uphold it. I would like to say at the outset that I think Haven's handling of this matter and the way it has treated Mr and Mrs H has been very poor and that it has treated them extremely unfairly. I say this because I think Haven relied on an inadequate assessment of the value of Mr and Mrs S's contents by D, as well as a VAR form Mr and Mrs S were forced to complete quickly, having been told it was only a rough estimate. Haven also failed to understand the correct position in law and ended up avoiding Mr and Mrs S's policy because of this. And, even if it had been entitled to rely on CIDRA, which I don't think it was, it still used the wrong remedy. It also concerns me that its complaint handling department don't appear to have briefed its solicitor properly on the full details of Mr and Mrs S's complaint, because the solicitor wasn't aware that Mr and Mrs S disputed D's assessment of the value of their contents. I also consider Haven's solicitor has erred in law both in terms of the remedy that would be correct under CIDRA and because it thinks Haven was entitled to rely on CIDRA when it was not.

I'll start by explaining why I do not consider Haven was entitled to rely on CIDRA to avoid Mr and Mrs M's policy. CIDRA requires a consumer to take reasonable care not to make a misrepresentation when taking out a consumer insurance policy. And Mr and Mrs S took out

the policy they have claimed under when Mrs S called to renew it and amended the sum insured under it. However, I do not consider that a consumer stating what sum insured is adequate to cover the contents of their home is capable of being a misrepresentation. This is because it is a statement of opinion, not a statement of fact. And I do not believe it is possible for a consumer to make a misrepresentation when they are only providing an opinion. The reason I think Mrs S was only giving her opinion when she said a contents sum insured of £75,000 was adequate was that she could not possibly have known this was right at this point in time. After all, even if she'd made a list of everything in her home and its likely replacement cost, she could not have been sure whether the replacement cost she had chosen for each item was right or whether she'd actually come up with a replacement cost for every item in her home. Therefore, as far as I am concerned Haven had no right to take any action at all because of CIDRA.

I think it is also worth me explaining that, even if Mrs S had failed to take reasonable care not to make a misrepresentation in accordance with CIDRA with regards to the contents sum insured, the correct remedy would have been for Haven to have effectively entered into the contract on the terms it would have offered if Mrs S hadn't made a misrepresentation. This would have been a contract which didn't include contents cover, but did include buildings cover. And this would have meant that Haven still needed to settle Mr and Mrs S's claim for damage to their building. Neither Haven nor their solicitor seem to have appreciated this.
It therefore follows that I consider Haven's decision to avoid Mr and Mrs S's policy was wrong. And that as part of the fair and reasonable outcome to their complaint it will need to retrospectively reinstate it and deal with their claim under it for the damage to their building and contents in accordance with its terms and conditions. Haven will also need to remove any record of the avoidance from its own records and any external databases it has placed it on. I've noted Haven's point that it can't reinstate the policy, as the risk would be outside its acceptance criteria. But I'm afraid that – even if it was – this would not alter the fact that the right outcome is for it to in effect be reinstated and the claim considered under it.

There is in Mr and Mrs S's policy what might be best described as an average clause. This would mean that if their contents sum insured did not represent the full replacement cost of their contents Haven could rely on this clause and only pay a percentage of their contents claim, based on the percentage of the replacement cost of their contents their sum insured represented. This would only be in relation to their contents claim and would have no impact on their buildings claim, as there is nothing to suggest the sum insured for their building was inadequate. However, I would only consider it fair and reasonable for Haven to rely on this condition to reduce Mr and Mrs S's contents claim, if I considered that Mrs S's assertion when she called to renew her policy that a contents sum insured of £75,000 was adequate was unreasonable. And I don't think it was. This is because Haven's agent did not explain to Mrs S when he spoke with her that the sum insured needed to be adequate enough to replace all her contents as new including clothing. Or that it did not include fixtures and fittings. He also didn't tell her how detailed her assessment of the value of the contents needed to be, bearing in mind its significance. And he didn't mention the possible consequences of getting it wrong, bearing in mind her current sum insured was right on the limit beyond which Haven wouldn't provide cover.

And I do not consider any of this was made clear enough in the policy documentation. The policy documentation did highlight the need to make sure the sum insured was adequate and that it needed to represent the full replacement cost of the contents as new. And while it mentioned under-insurance could make a big difference to any claims settlement, it did not mention that it could result in a claim being rejected in its entirety. And it didn't mention how detailed the assessment needed to be and that even the cost of replacing each individual piece of clothing, including socks, as new, needed to be included. Household Contents was defined in the policy, but even this definition is rather odd, as it includes visitors' belongings. And if it does include these, I am not sure how a policyholder is meant to provide an

accurate estimate of the value of their contents. This would have just made the situation all the more confusing for Mr and Mrs S.

Neither do I think Haven has really shown that Mr and Mrs S's contents sum insured was inadequate. I say this because the estimate provided by D was itemised but did not include any cost for the items listed individually. And it included clothing that didn't belong to the residents of the home. And Haven and its solicitors have suggested this was an assessment that was 'not in dispute'. However, Mr and Mrs S clearly did dispute it and also explained that it included lots of items belonging to their children who did not reside at the home, which would mean they were not part of their contents and didn't need to be reflected in the sum insured.

I do of course appreciate Mr and Mrs S's first estimate of their contents was around £125,000 when they provided the first VAR form, but this was rushed and included some fixtures and fittings, so was clearly not an accurate reflection. They explained this, but Haven was not willing to reconsider its position in light of this or let them do it again, which seems unreasonable to me. Mr and Mrs S have provided a recent estimate of around £80,000, which – if correct – would suggest Mrs S's estimate in June 2024 wasn't far out and was a reasonable estimate without doing a detailed assessment.

In summary, I consider Mrs S suggestion of a contents sum insured of £75,000 was reasonable in the circumstances. And I do not consider that Haven has done enough to show it was inadequate. This means I do not consider Haven is entitled to rely on the average clause to reduce any payment in respect of Mr and Mrs S's contents claim.
As I have already said, there is no suggestion that Mr and Mrs S's buildings sum insured was inadequate, so the average clause should not be applied in respect of their buildings claim either. And I should also say that when Haven settle Mr and Mrs S's buildings claim, they should include the cost of their alternative accommodation and the cost of putting right any additional damage resulting from the delay in the repairs to their home.

Turning now to the impact of Haven's incorrect and unfair decision to avoid Mr and Mrs S's policy. A fire at a person's home and the aftermath of it is a traumatic experience in itself. But to then find out your insurance company is avoiding your policy when you are sure they are wrong to do so. And to find out your claim for the significant cost of repairing your home and replacing or restoring contents is not going to be paid because of this must be devastating. In view of this, I think the level of distress and inconvenience Mr and Mrs S experienced up to the date of Haven's final response as a result of the avoidance of their policy and rejection of their claim was in the category we describe on our website as follows:

'the mistakes cause sustained distress, potentially affecting someone's health, or severe disruption to daily life typically lasting more than a year. A mistake that has an extremely serious short-term impact could also warrant this level of compensation, but usually you'd expect some ongoing or lasting effects'.

I appreciate the impact was over a few months and not more than a year, but I do think it had an extremely serious short-term impact. And I also think it will have lasting effects on Mr and Mrs S's mental and possibly physical health. I note Mrs S has provided GP evidence to support this conclusion. We say on our website that this category warrants a compensation payment of more than £1,500 but less than £5,000. And I've decided the impact on Mr and Mrs S warrants a payment of £2,500.

I can't award compensation for the period after 3 April 2025 in this decision, but I do appreciate the distress and inconvenience has continued beyond this. I also appreciate the avoidance of their policy has impacted Mr and Mrs S's ability to get home insurance and increased the cost of their motor insurance policies. So, if they would like to make a new

complaint about the impact beyond 3 April 2025, they can do so. Haven can then consider it and if they are not happy with Haven's response Mr and Mrs S can ask us to consider it. I have also considered Mr and Mrs S's complaint about the poor handling of their claim prior to the avoidance of their policy. This is because they clearly complained about this to Haven and it dealt with their complaint and offered compensation. And Mr and Mrs S weren't happy with the outcome and asked us to consider it. Our investigator told Haven this and asked it to comment and provide information on its handling of the claim and complaint. But its case handler refused citing the fact that they were in underwriting and it had to be handled by the claims team. This completely missed the point that the complaint was about Haven Insurance Company Limited and under our rules Haven was obliged to send us information on the complaint about the handling of the claim, irrespective of who happened to have been allocated the complaint. So the handler should either have obtained the information or arranged for it to be sent to our investigator to consider.

As I do not have much information from Haven on the handling of Mr and Mrs S's claim up to the point their policy was avoided, I've mainly had to go on what Mr and Mrs S have said and the evidence they've provided. I can see from what they've said that there were some delays in getting the claim moving. And that they had some concerns because they did not fully understand Q's role. But I do think that Q's loss adjuster made a reasonable attempt to explain his role, the process and options available to Mr and Mrs S. And – while the claim was delayed in some respects – it seems Mr and Mrs S were in alternative accommodation, a tin roof was placed over their home and D had at least started salvaging the damaged contents. In view of this, based on what I've seen I think the £500 Haven offered Mr and Mrs S is adequate for any distress and inconvenience they experienced due to any poor handling on their claim. As I understand it, Haven have not paid this amount, so it will need to do this as well as paying the £2,500 I've mentioned above.

My provisional decision

For the reasons set out above, I've provisionally decided to uphold Mr and Mrs S's complaint about Haven Insurance Company Limited and require it to do the following:

- *Retrospectively reinstate Mr and Mrs S's home insurance policy which started on 7 July 2024 and settle their claim under it for damage to their home and contents by fire in accordance with the policy terms, without relying on the average clauses in the policy. Settlement should include the cost of alternative accommodation and any additional costs due to deterioration as a result of the delay in repairs starting.*

- *Remove any record of the avoidance of the policy from its records and any external databases it has placed it on.*

- *Pay Mr and Mrs S £2,500 in compensation for the distress and inconvenience they experienced up to 3 April 2025 as a result of having their policy incorrectly avoided and their claim turned down because of this.*

- *Pay Mr and Mrs S £500 in compensation for the distress and inconvenience they experienced due to the poor handling of their claim up to the point their policy was avoided.*

I gave both parties until 17 September 2025 to provide further comments and evidence in response to my provisional decision.

Mr and Mrs S have provided further comments. Essentially, they have said they accept my provisional decision and are pleased that it recognises the unfairness of Haven's actions.

They have then commented on the impact of Haven's decision in the period after it issued its final response on 3 April 2025.

Haven has responded with detailed further comments on why it does not agree with my provisional decision. And I've set out its main points below. It has also provided further evidence in support of its comments.

- It accepts that it could have acted more quickly and communicated more clearly up to the point the policy was avoided, and it is willing to pay £1,000 in compensation for the distress and inconvenience Mr and Mrs S experienced due to these shortcomings.

- It remains of the view that the substantive decision to avoid Mr and Mrs S's policy was correct and therefore disagrees with my other findings.

- It considers there are a number of factual errors and misunderstandings underpinning my provisional decision.

- My finding that Haven could not rely on CIDRA all seems to be based on my view that it is not possible for a consumer to make a misrepresentation when they are providing an opinion as to the value of the contents in their home. It believes this statement of principle to be wrong in law. And it has questioned how the home insurance industry could function if this was the case, as customers are routinely asked to make representations which are a mixture of opinion and fact. It is concerned that such a finding potentially has industry-wide implications. And it's cited a case study on our website, which it thinks supports this view. It thinks my finding in this regard came about because the evidence my provisional decision was based on was incomplete. So, it thinks it is important I clarify in my final decision whether a valuation provided by a customer can be a representation for the purposes of CIDRA, even if it is an estimate.

- The advice it has received is that it is not the case that an estimation of value can never be a qualifying misrepresentation. And it has quoted some cases decided by the courts prior to CIDRA concerning statements of belief.

- It considers Mrs S's representation that a sum insured of £75,000 was adequate to cover the value of her contents was a careless misrepresentation under CIDRA. And it is not the case that if she had said the value of her contents was over £100,000 it would have offered her a buildings only insurance policy. This is because she had specifically requested a combined buildings and contents policy. And it would not have offered this contract to Mr and Mrs S. And it considers the question in law is whether it would have offered the relevant insurance cover on different terms.

- It feels the account of what happened prior to Mr and Mrs Sarna renewing their policy in June 2024 is set out very briefly in my provisional decision and omits reference to the documents involved with the renewal process. And what I have focused on in my provisional decision is 'unduly narrow'. It's referred to a letter sent to Mr and Mrs S prior to renewal saying that their current contents sum insured would be over £100,000 due to index linking and will be over its limit. Plus, the call Mrs S made following this letter on 13 June 2024 in which she agreed to reduce the contents sum insured to £75,000. And its pointed out this call took place after Mr and Mrs S had had a policy with Haven for four years and had access to the relevant policy wording each year. This wording was unchanged, apart from index linking being added in 2023.

- It thinks in the call on 13 June 2024 Mrs S made a clear representation that the value of the contents of her home do not amount to £100,000 and that she wished to reduce the

contents cover to £75,000. And she did so in the full understanding that Haven couldn't offer cover if the value of the contents exceeded its £100,000 limit. And it doesn't think its agent needed to read out the 'whole policy document' when accepting a renewal.

- Mrs S did not renew the policy on this call. And an offer letter was sent on 13 June 2024 following it by email. This had a Statement of Fact attached to it, along with the relevant schedule and policy wording. The letter reminded Mr and Mrs S of the need for them to read the policy documentation and reminded them that all the answers they'd given and the statements they'd made should be honest and accurate.

- Following the offer letter Mrs S had a further conversation with Haven on 3 July 2024 about the renewal and the agent read out a disclaimer setting out that questions needed to be answered fully an accurately. In this call Mrs S discussed whether her children's possessions would be covered. And she confirmed she did not want to update her contents sum insured. Haven then sent a letter confirming the renewal after this call, which included the full policy documents again.

- It thinks due to the two calls and letters with the contents value at £75,000, there was ample time for Mrs S to review it and it is clear she understood the position. And there was no pressure on her to give this amount as adequate to cover the value of her contents.

- It disagrees the policy documents were not clear on the risks of careless misrepresentation or unclear about what had to be included as part of the household contents. And its referred to page three of the policy document where it says the amount the policyholder chooses for their house contents sum insured should be the full value to replace all of the possessions in their home as new. And it has compared this with the question in the case study on our website which asked the customer what it would cost to replace all of her contents as new. And it's pointed out that there is also a further section in the policy which refers to this.

- It thinks it is clear from the policy document that clothing is also covered under contents and a reasonable consumer would be able to understand the meaning of the words used and the warnings included.

- It has pointed out that Mrs S's assertion after making the claim that Haven unilaterally imposed the reduction of her contents sum insured to £75,000 was clearly incorrect.

- While it accepts that the valuation by D was probably too high, it does not accept Mrs S was rushed into providing the post-fire VAR form. And Mrs S said when she provided it that she had thoroughly itemised contents and taken great care to provide estimated replacement values. And Haven even asked her to check it after receiving it to make sure she was happy it was right and she was offered more time if she needed it. And she then increased her estimate to £127,330 after receiving this email with the list compiled by D.

- And it was only after our investigator's involvement that Mrs S undertook a further valuation, which wasn't provided to Haven. It's pointed out several items in each room which this excludes without any justification. And it's said it seems that normally it is expected that the insured provides a reasonably accurate estimate of the value of their contents at point of sale. And this is then compared with an external expert valuation after a claim. Whereas, in this case I seem to be suggesting it should be the other way round, with the insured only providing a proper estimate after their claim.

- It's said my provisional decision seems to rely on the more recent VAR form provided by Mrs S, which it had not seen prior to it. And it thinks the accurate valuation of the contents of Mr and Mrs S's home lies somewhere between the VAR form they provided after making their claim at around £127,000 and the valuation of around £220,000 by D. And it is unfortunate that my provisional decision dismissed D's valuation entirely.

- It thinks the first investigator's view not upholding Mrs S's complaint was correct, as it referred to the fact Mrs S was sent clear correspondence informing her of Haven's £100,000 limit and that she chose to reduce her sum insured to £75,000.

- It does not believe it is right for the Financial Ombudsman Service to effectively be suggesting its agents needs to read out the whole policy document when 'accepting a renewal' when the policyholder has received the full policy documents to review beforehand.

- If I remain of the view that it was not entitled to avoid the policy it disagrees in principle with my provisional finding that the average clause in the policy can only operate if the valuation provided by Mrs S was unreasonable. But – even if it were to accept this, it does not accept Mrs S's choice of a sum insured of £75,000 was reasonable as the actual value of her contents was closer to £200,000. It has cited the relevant clause and says it considers it can be applied to Mr and Mrs S's contents 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.

Dealing first of all with Mr and Mrs S's further comments in response to my provisional decision. I think they have misunderstood what I said about them making a new complaint about events that have happened since Haven issued its final response letter on 3 April 2025. I should explain that I am not able to consider a complaint about anything that has happened to them since this time or anything else they have not complained to Haven about previously at this stage. This includes the further impact the avoidance of their policy has had on them when trying to arrange cover for their home and the cost of obtaining this. Therefore, if they do want us to consider a complaint about these things they will need to make a new complaint to Haven first. It will then have eight weeks to consider the complaint and issue a final response on it. Once the final response has been issued or eight weeks has passed, if Mr and Mrs S remain dissatisfied, they can then ask us to consider this as a separate new complaint. If Mr and Mrs S want help with letting Haven know they wish to make this complaint, they should let our investigator know and he can help with this.

Turning now to Haven's further comments.

I have noted Haven's concern that the focus of my provisional decision is unduly narrow, as I placed a great deal of weight on the telephone conversation Mrs S had with its agent on 13 June 2024. However, I consider the recording of this call to be the most important piece of evidence in forming my view that Mrs S made what I would describe as a statement of opinion, as opposed to a statement of fact. But, I have taken into account the fact that Mr and Mrs S were also provided with emails, letters and policy documentation which referenced the importance of providing accurate information and made reference to the fact their contents sum insured needed to represent the full replacement cost of their contents. I have also taken into account the fact that Mrs S confirmed in a subsequent phone call that a contents sum insured of £75,000 would be sufficient.

I would also like to make it clear that it is not my role to determine generally whether or not it

is possible for a consumer to make a misrepresentation when they are providing an opinion as to the value of the contents in their home. It is my role to decide whether Mr and Mrs S failed to take reasonable care not to make a misrepresentation in breach of their duty under CIDRA when they took out their new policy with Haven in July 2024. I appreciate that my provisional decision may have suggested that generally it is not possible for a customer to make a misrepresentation when they are providing their opinion on the value of their contents, so I apologise for any confusion this has caused. This having been said, Haven should take into account my finding in this particular case when deciding its approach to other cases where the circumstances are similar.

It remains my view that Mr and Mrs S didn't fail to take reasonable care not to make a misrepresentation with regard to the replacement value of their contents when they took out their policy. And this means I do not consider Haven was entitled to rely on CIDRA to avoid their policy. This is because I am satisfied that in stating that a sum insured of £75,000 was adequate to cover the contents of their home Mrs S was only providing her opinion based on her estimate of the value of her contents. And in not correcting it when they received the policy documentation and covering emails and letters Mr and Mrs S were effectively confirming this statement of opinion.

I have noted Haven's comment on statements that can be a combination of opinion and fact, but in Mr and Mrs S's case I consider they only stated their opinion that a contents sum insured of £75,000 was adequate. It is not clear whether they actually understood that they were suggesting £75,000 was enough to replace all the contents of their home as new, as they would have needed to read the full policy document and statement of fact to know this, as it was not mentioned by the agents Mrs S spoke to or in any of the covering emails or letters. And even the statement of fact didn't mention the full replacement cost needed to reflect replacement costs as new. But, irrespective of whether Mr and Mrs S fully understood what the sum insured needed to represent, I think they only expressed an opinion that a sum insured of £75,000 for their contents was adequate.

I think my view that Mr and Mrs S only made a statement of opinion is supported by the fact that there is no evidence to suggest they carried out a detailed review of their contents by listing them and attaching a replacement costs as new to each item, including all their clothing. It seems to me from what they've said that they simply felt that it was unlikely it would cost more than £75,000 to replace all their contents. I will deal with whether this was a reasonable opinion later. But I think it was just an opinion.

So, as I have already said, it remains my view that Haven was not entitled to avoid Mr and Mrs S's policy, as it has not shown they failed to take reasonable care not to make a misrepresentation in accordance with their obligations under CIDRA.

I can see why Haven thinks Mr and Mrs S's complaint is similar to the case study on our website. But I have to decide what I think is fair and reasonable in the circumstances of this particular case. And, as I've already said, I am not making a finding on the issue of whether a customer can make a misrepresentation when deciding on their contents sum insured or answering a question about the replacement cost of their contents as new. But I think it is worth me pointing out that the statement of fact did not have a question on it or any reference to the full replacement cost of Mr and Mrs S's contents as new. It just referred to the full replacement cost.

As I've decided that Haven has not shown Mr and Mrs S failed to take reasonable care not to make a misrepresentation, I do not think I need to consider what remedy Haven would have had available to it if they had make a careless qualifying misrepresentation. All I would say is that CIDRA states that if the insurer would have entered into 'the insurance contract on different terms (excluding terms relating to premium) the contract is to be treated as

entered into on these terms'. So the key issue to decide would be what CIDRA means by 'the insurance contract'. But, if I was considering the issue, I would also need to consider what was fair and reasonable in all the circumstances, having taken account of the law. And if it was clear Haven would have offered Mr and Mrs S a stand-alone buildings policy, I may have decided it would not be fair and reasonable for me to allow the avoidance of their policy to stand.

Plus, even if I were to accept that Mr and Mrs S's estimate of the likely replacement cost of their contents was a representation. I do not consider that Haven would have done enough to show it was a *misrepresentation* and that Mr and Mrs S failed to take reasonable care in making it. I say this because I do not think they had a clear understanding of what it would cost to replace their contents at the point they took out their policy, or the implications of getting the likely replacement cost wrong. And, for the reasons I've set out below, I think their choice of a sum insured of £75,000 was reasonable in the circumstances.

Before I explain why I think their choice was reasonable, I should say that – despite what Mr and Mrs S have said during the course of making their complaint - I do not believe they were forced or 'railroaded' into choosing £75,000 as their contents sum insured. I appreciate they may not have appreciated the implications of getting the sum insured wrong or exactly what it needed to represent. But Mrs S spoke to Haven on two occasions and seemed very comfortable with £75,000 as a sum insured for their contents. However, I do not think that Mr and Mrs S's decision to choose this as their sum insured was unreasonable in the circumstances. This is because they clearly had a lot of extra items in their home which belonged to their children. And a large amount of clothing. And it would have been very difficult for them to establish the replacement cost of everything they had. Despite what Haven has said, they were not asked to itemise everything and attach a replacement cost to it when they took out their policy at renewal in July 2024. They were asked to do this after they'd made their claim. But Haven did not ask them to do it when it was most important for them to do so. This seems unfair to me.

And I think Haven's agents failure to make it clear that their contents sum insured had to represent the full replacement cost of their contents was particularly poor. As was Haven's failure to mention this in any of the covering emails and letters it sent to Mr and Mrs S. I say this, because the reality is consumers often don't read the full policy document and often don't notice everything on their statement of fact. And – as I have said – even the statement of fact did not mention the replacement cost needed to be as new. So, it is very important that when they actually choose to speak with an agent of their insurer the customer is provided with clear, fair and not misleading information on the things they discuss with them. Obviously, I'm not suggesting Haven's agents needed to read out the full policy document to Mrs S. I am just suggesting they needed to highlight key terms and when issues were discussed, they needed to be clear on what was required of Mr and Mrs S in relation to these.

I accept Haven's point that Mr and Mrs S were given sufficient time to complete the VAR form after they made their claim. Although, I do appreciate Mr and Mrs S may have felt under some pressure to do so because of the delay on their claim to this point. And this means I do think that once they did so, they realised the replacement cost of their contents was around £127,000. I appreciate they have provided a revised VAR form more recently, but Haven have pointed out some changes and omissions which I agree would be hard to justify. However, even if – as it turned out – Mr and Mrs S worked out after their claim that the replacement cost of Mr and Mrs S's contents was a lot more than £75,000, this in itself doesn't persuade me that their suggestion a sum insured of £75,000 was adequate when they took out their policy was unreasonable. I say this bearing in mind at this point they weren't asked to itemise more or less all their possessions and attach a replacement cost to each item.

I have noted Haven's view that – based on D's inventory – the replacement cost of Mr and Mrs S's contents was closer to £200,000. But I am not persuaded that this was the case by D's list. I say this, as it contains over 6000 items of clothing without any individual replacement costs against any of them. And there are no individual replacement costs against any other items either. It also seems it could include numerous items that belonged to Mr and Mrs S's children. All of this means for me it lacks credibility. So, I think the VAR form Mr and Mrs S provided in January 2025 at around £127,000 is likely to be a much more accurate reflection of the full replacement cost of their contents when they made their claim.

As I think Mr and Mrs S's choice of a sum insured of £75,000 for their contents sum insured was reasonable in the circumstances, I do not think it would produce a fair and reasonable outcome to their complaint if I were to allow Haven to rely on what might be best described as the *average* clause in their policy, which Haven has quoted in its response to my provisional decision, to reduce the amount payable on their contents claim. This is because I do not think it would be fair for Mr and Mrs S to be penalised for making a choice that was reasonable that they made without fully appreciating the need to go through all their contents, including their clothing an attach a replacement cost as new to more or less every item.

For me, it is Haven's approach that is unreasonable. I say this because what it has done is allowed Mr and Mrs S to choose a sum insured without making them go through or suggesting they go through the exercise they then got D to go through when they'd made their claim. And which they subsequently made Mr and Mrs S go through. If it was so important that their sum insured was accurate and the implications of it being wrong could be so severe, then I think Haven should have done more to assist Mr and Mrs S as its customers to get it right. In reality, it did very little. And it didn't even mention the importance of the sum insured representing the full replacement cost of their contents in two phone calls or any of the emails and covering letters it sent to Mr and Mrs S, which I think is very poor indeed.

In summary, it will be clear from what I have said above that it remains my view that Haven should not have avoided Mr and Mrs S's policy and refused their claim because of it.

I also think the implications of Haven getting it wrong and avoiding the policy were severe for Mr and Mrs S and caused them sustained distress, affecting their health and severe disruption to their daily life for the reasons set out in my provisional decision. And I still think this warrants a compensation payment for distress and inconvenience of £2,500.

I am satisfied the £500 Haven also offered as compensation for the poor handling of Mr and Mrs S's claim prior to its decision to avoid their policy is fair for the reasons set out in my provisional decision.

Putting things right

For the reasons set out above, I've decided to uphold Mr and Mrs S's complaint about Haven Insurance Company Limited and require it to do the following:

- Retrospectively reinstate Mr and Mrs S's home insurance policy which started on 7 July 2024 and settle their claim under it for damage to their home and contents by fire in accordance with the policy terms, without relying on the average clauses in the policy. Settlement should include the cost of alternative accommodation and any additional costs due to deterioration as a result of the delay in repairs starting.

- Remove any record of the avoidance of the policy from its records and any external databases it has placed it on.

- Pay Mr and Mrs S £2,500 in compensation for the distress and inconvenience they experienced up to 3 April 2025 as a result of having their policy incorrectly avoided and their claim turned down because of this.*

- Pay Mr and Mrs S £500 in compensation for the distress and inconvenience they experienced due to the poor handling of their claim up to the point their policy was avoided.*

* Haven must pay the compensation within 28 days of the date we tell it Mr and Mrs S accept my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

My final decision

I uphold Mr and Mrs S's complaint and order Haven Insurance Company Limited to do what I've set out above in the 'Putting things right' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S and Mr S to accept or reject my decision before 12 November 2025.

Robert Short
Ombudsman