

The complaint

Mr G complains that Tesco Underwriting Limited declined a claim on his home buildings insurance policy and said the policy was void.

What happened

Mr G took out buildings and contents insurance for his home which was underwritten by Tesco.

He made a claim on the policy for storm damage. After looking into the claim, Tesco said it had discovered he was running a business on land at his home. Tesco said he should have disclosed this when buying the insurance and there had been a misrepresentation.

Tesco said if Mr G had declared the business use, it would not have sold the policy to him. It said the policy was void and returned the premiums Mr G had paid.

Mr G complained. He said when he went through the online process to take out the policy he had taken reasonable care to answer the questions correctly. He did not agree there had been any misrepresentation. Tesco considered his complaint but didn't change its decision.

Our investigator said he was satisfied Tesco had shown there had been a misrepresentation and Tesco would not have sold the policy to Mr G if he had provided accurate information. He said it was fair to decline the claim and void the policy.

Mr G disagreed and provided further comments but the investigator's view didn't change. So he's requested an ombudsman's 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.

Mr G has provided extensive comments. I won't comment in detail on every single point that has been raised and will focus on the key points that are relevant to the outcome I've reached. This is in line with our role, which is to provide an impartial review, quickly and with minimal formality. I use my judgement to decide what's fair, based on the main crux of a case.

In making my decision I need to consider what's fair and reasonable in all the circumstances of the case, taking into account relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and (where appropriate) what I consider to have been good industry practice at the time.

Mr G refers to previous decisions published on our website and says the investigator's view is not in line with the precedents set in those decisions. Our decisions don't set precedent in the same way that court judgments might. Each case is looked at individually, based on the circumstances of that case. Looking at two decisions in particular that Mr G has referred to, one of these concerned someone with lodgers in their property (which they had disclosed).

Another was about whether the policyholder lived in the property themselves, when there was evidence of it being used as a holiday let. So the circumstances were quite different from this case. I need to consider the facts of this case and decide what, in my judgment, is a fair and reasonable outcome.

The relevant industry rules and guidance say insurers must deal with claims promptly and fairly, and not unreasonably reject a claim. Tesco declined the claim after deciding the policy was void. So the issue I need to determine is whether it was fair to void the policy.

The relevant law in relation to this is the Consumer Insurance (Disclosure and Representations) Act 2012 ("CIDRA"). This requires consumers to take reasonable care not to make a misrepresentation when taking out an insurance policy. The standard of care is that of a reasonable consumer.

If a consumer fails to take reasonable care and makes a misrepresentation, the insurer has certain remedies if there is a qualifying misrepresentation, as defined in CIDRA. For it to be a qualifying misrepresentation the insurer has to show it would either have offered the policy on different terms or not offered it at all, if the consumer hadn't made the misrepresentation.

CIDRA sets out a number of considerations for deciding whether the consumer failed to take reasonable care. One of these is how clear the question asked was.

When Mr G bought the policy he was asked "*Is your home ever used for business?*" He answered "No" to this question.

There was a box with an explanation to help with answering the question. This said the following:

What counts as business use?

You need to tell us if you have business visitors or paying guests in your home. It also counts if you run your business from your house.

What if I work from home?

If you occasionally work from home for your employer, this doesn't count as business use.

Mr G has provided very detailed submissions in support of his complaint. I've considered what he's said but it boils down to whether he answered this question correctly – that's the crux of the matter.

Mr G says there can't have been a misrepresentation as the question asked was not clear. He has referred to comments made by Tesco's representatives in calls with him, indicating they thought the question wasn't clear. But I think he has taken some comments out of context.

For example, there's a comment in one call that "*the questions aren't the best on the website...*" But the call handler was referring to the aggregator website Mr G used before proceeding to Tesco's online application. And they went on to say "*... but it does clearly say in regard to the business on that particular website. It says you need to tell us if you have any business visitors or paying guests in your home. It also counts if you run a business from your house.*"

In another call, the call handler says the reference to wording being unclear relates to the aggregator website and he doesn't agree that Tesco's own wording is unclear.

I think the question was clear. He needed to say if used his home for business, and this included if he had paying guests there or if he ran his business from his house.

Mr G runs a 'glamping' business. He says this is not at his home because it's on a separate piece of land next to his home, and he has separate business insurance for that. I've considered his comments carefully but I think this is something he should have disclosed.

Mr G says a reasonable consumer reading "*in your home*" or "*from your house*" would understand those words to mean the private residence they live in—not adjoining land or separate business premises, particularly where "*house*" is undefined while "*home*" is defined.

He was sent the policy documents, which included a statement of fact confirming the information he had provided, and was asked to check these carefully. This included the following declaration:

"The building is NOT used in full or part for, any business use with the exception of childminding and clerical work whether by me or any other person unless agreed by us in writing."

He also refers to the policy definitions and I have considered these.

The policy defines "*Home*" as "*The private residence (including the main building and any garages or outbuildings) at the address stated in your schedule, used by you for domestic and home working purposes only*"

"*Buildings*" is defined as "*the main building of your home and any other permanent structure within the boundary of your home.*"

And "*Boundary*" is "*the area of land defined by the title deeds.*"

Taking these together, I think it was clear he needed to say if he ran a business at his home, which meant the place where he lived, including anything with the boundary of the property at his address.

Mr G runs a business at that address. By his own admission, he manages online bookings and deals with the administration of the business at his home. There are yurts, which may not be permanent structures, but there are also log cabins with kitchens and bathrooms. And while he says this is on a separate piece of land next to his house, it's within his boundary at the same address - it's all at his address and he runs the business from his home.

The policy is a home insurance policy. It doesn't provide cover for property that is used for a business. Mr G runs a business from his home on land which is at the same address and within the boundary of his property. I think a reasonable consumer would have known they should have disclosed that. So I think there was a misrepresentation.

I've gone on to consider if this was a qualifying misrepresentation. It will be if Tesco can show it would either have offered the policy on different terms or not offered it at all, if Mr G hadn't made the misrepresentation.

Tesco has provided underwriting evidence showing that if Mr G had declared the business when answering the question, it would not have offered him insurance.

Mr G has referred to the principles of natural justice and says he should see all the evidence relied on and have an opportunity to comment on it. He hasn't been given the underwriting evidence and says it's unfair to make a decision based on evidence he hasn't seen. But this evidence is commercially sensitive and it isn't generally provided to customers. Under the

rules that govern our Service (the DISP Rules), the ombudsman may accept evidence in this way where they consider it appropriate and I think it was in these circumstances.

Tesco has also explained that the policy would have insured the property and land noted on the title deeds – which would include the land where the business operates. So, even though Mr G has business insurance, it could have been held liable for damage or asked for a contribution if the other insurer refused a claim. And this policy is only for homes, not for businesses. This reinforces the point that it would not have offered insurance in these circumstances.

Taking all of this into account I'm satisfied Tesco would not have sold the policy to Mr G if it had known about the business use. So this was a qualifying misrepresentation.

The remedy available to the insurer under CIDRA depends on whether the qualifying misrepresentation was deliberate or reckless, or careless. Tesco has treated this as a careless misrepresentation and I think that's fair. That means it may treat the policy as void – in other words as if it had never existed – since it wouldn't have sold the policy if there hadn't been a misrepresentation. But it should return the premiums to Mr G. That's what it decided to do and in the circumstances it was fair. It puts Mr G back in the position he would have been in, if he had answered the question correctly.

Mr G has described the consequences for him of the decision to void the policy. This has been recorded and he has to disclose it to other insurers, which makes it hard to get insurance. He says the harm this has caused means the remedy is not proportionate. But it's the remedy set out in CIDRA for circumstances like this. The relevant law sets out this remedy and I think it's fair for Tesco to apply it.

My final decision

My decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 17 December 2025.

Peter Whiteley
Ombudsman