

The complaint

Mrs B and Mr P complain CETA Insurance Ltd (“CETA”) provided the wrong information about the construction of their property to the insurer when they were applying for their property insurance policy. As a result, when they came to claim on their policy, the insurer proportionately settled their claim as it thought they’d made a misrepresentation.

Mrs B and Mr P have raised a separate complaint about their insurer. So this Final Decision is about CETA’s actions only.

What happened

Around the end of October 2024, Mrs B and Mr P applied for a property insurance policy, covering their buildings and contents through a price comparison website online. And at the beginning of November 2024, they finalised their insurance policy quote over the phone with CETA. The policy started a few days later.

Unfortunately, at the beginning of December 2024, Mrs B and Mr P’s home suffered from a fire so they made a claim on their policy. Around the end of December 2024, the insurer (who I’ll call “A”) decided to settle Mrs B and Mr P’s claim on a proportionate basis. It said the statement of fact which had been sent to Mrs B and Mr P when they took the policy out, showed they’d agreed the property they were insuring was of standard construction but it was actually of non-standard construction. And if A had known this at the time, it would’ve charged them more for the policy. After looking into things further, in February 2025 A decided to pay the claim in full.

Mrs B and Mr P made a complaint as they said they didn’t provide the wrong information at the time of the sale. Instead, they said CETA unlawfully and unfairly changed the information so it didn’t accurately reflect what they’d said. As a result, they said the claim was delayed, they were left without any funds and they couldn’t afford appropriate alternative accommodation if the claim wasn’t paid in full. They also explained they couldn’t afford to take steps to protect their property after the fire so thought CETA was responsible for any further damage caused.

In its final response letter sent on 24 March 2025, CETA said it had processed the information Mrs B and Mr P had given it about the construction type correctly. But it said there was an issue with how this information was displayed on the statement of fact which A relied on. So it offered them £300 as compensation to make up for this. CETA said when A queried things at the time of the claim, it responded promptly and accurately. So it didn’t think it had caused the delays Mrs B and Mr P said it had.

Mrs B and Mr P weren’t happy with this offer so they asked our Service to look into things. Our Investigator upheld the complaint. He thought CETA should pay £600 as compensation for the distress and inconvenience caused. Mrs B and Mr P didn’t accept our Investigator’s view as they didn’t think it fairly reflected what they’d been through. As the complaint wasn’t resolved at that stage, it was 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 can see from everything Mrs B and Mr P have told us, they've been through a traumatic event and a difficult time. And I know this complaint has been ongoing for a long time for them. But I've decided to uphold this complaint in the same way as our Investigator and for broadly the same reasons. I know Mrs B and Mr P will be very disappointed but I think it's the fair outcome in this complaint.

CETA has accepted Mrs B and Mr P provided accurate information and it displayed this incorrectly on the statement of fact which A relied on. I haven't seen anything in this case which makes me think it was intentional as Mrs B and Mr P say, rather than an error. So I've thought about whether CETA's offer of compensation is fair.

Mrs B and Mr P say because of CETA's error, they were left without funds for around a month, and, for three months, were worried their claim would be settled proportionately only. As a result, they say they couldn't afford to arrange appropriate alternative accommodation or to take measures to protect their property which was further damaged by storms.

From what I've seen in this case, whilst I accept CETA didn't take responsibility for what had gone wrong until March 2025, it responded to A's enquiries promptly to keep things moving. And in any event, A had already let Mrs B and Mr P know the claim would be settled in full around a month earlier. So I'm not persuaded they were left for three months not knowing how things would progress. That's not to say I don't think the time they were left in this position – around two months – wouldn't have been very distressing for them. But I'm satisfied the compensation our Investigator recommended is fair to make up for this, particularly considering the claim was ultimately settled in full.

I appreciate Mrs B and Mr P have said they were left without any money for around the first month after they claimed on their policy. But I don't think this was due to CETA's actions. They say A agreed to pay them money for emergency items and it took around a month for it to make this payment. But I haven't been given anything to make me think this was due to the questions it had about the property type. And in any event, this is something we're considering separately against A. Mrs B and Mr P also think CETA should cover the cost of other expenses they had to cover, including their short-term accommodation costs. But I can see that's been covered as part of their claim so I haven't considered it here.

I know Mrs B and Mr P think CETA should pay them significantly more compensation to make up for the distress, and worry they've been caused. And I know they've been through a tough time following a very traumatic experience. But I can only direct CETA to make up for the distress and upset they've experienced as a direct result of what's gone wrong and not the inevitable distress and inconvenience they were caused by the claim event. And I'm satisfied the compensation recommended does this.

Putting things right

To put things right in this case, I direct CETA to pay Mrs B and Mr P a total of £600 compensation, including and not in addition to the £300 it's already offered them. If CETA has already paid them the £300 it offered in its final response letter, it needs to pay Mrs B and Mr P an additional £300 only.

My final decision

It's my Final Decision that I uphold this complaint in part and direct CETA Insurance Ltd to put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr P to accept or reject my decision before 16 December 2025.

Nadya Neve
Ombudsman