

The complaint

Mr G is unhappy with the proportionate settlement he received on his claim from INTACT INSURANCE UK LIMITED ("INTACT") under his home insurance policy.

What happened

Mr G made a claim that was then reviewed and validated by INTACT.

Following the review and validation, INTACT decided to accept the claim. However, it didn't fully settle the claim, it settled the claim on a proportionate basis. INTACT said Mr G had misrepresented his circumstances when renewing his policy.

When Mr G took out the policy (after buying his house) he had three bedrooms, which is what he told INTACT when incepting the policy. Between then and when he made his claim, he'd had an extension on his property, and he'd converted an outbuilding into a useable room. On validation, INTACT said there were more bedrooms than Mr G had declared, so if it had known about the increased rooms, it would've charged Mr G a higher premium. As it wasn't aware and it didn't charge the higher premium, it decided to only settle the claim on a proportionate basis.

Mr G said these rooms aren't bedrooms and he only has two adults living at the property. He said the questions asked of him when he took the policy out need to be clearer and he wants his claim settled in full.

Our investigator decided to uphold the complaint. She didn't think it was right to settle on a proportionate basis and thought the claim should be settled based upon the 2023 premiums. Both Mr G and INTACT disagreed, so the case has been referred to an ombudsman.

My provisional decision

I issued a provisional decision on this on 10 November 2025. I said:

INTACT deemed that Mr G had made a "careless" misrepresentation. It said it would've applied a higher premium had it known about the change in circumstances, so it consequently paid a proportionate settlement. So, I've considered the merits of this complaint from this perspective, to see whether I think INTACT has been reasonable in its actions.

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

And if a consumer fails to do this, the insurer has certain remedies provided the misrepresentation is - what CIDRA describes as - a qualifying misrepresentation. For it to be a qualifying misrepresentation the insurer must show it would've offered the policy on different terms or not at all if the consumer hadn't made the misrepresentation.

CIDRA sets out several considerations for deciding whether the consumer failed to take reasonable care. And the remedy available to the insurer under CIDRA depends on whether the qualifying misrepresentation was deliberate or reckless, or careless.

So, I've considered Mr G's circumstances in respect to CIDRA.

Was there a misrepresentation?

Mr G bought his policy initially via a comparison website. This process involved Mr G answering different questions about his own circumstances in order that insurers could decide if they wanted to offer a policy and at what price, after taking account of the risk.

INTACT has shared the relevant question that was asked at this point. The question was "How many bedrooms does your property have?". The question was supplemented with some information, which read "include rooms that were originally built as a bedroom and any that have been converted for another use, e.g. a study or office".

Mr G's answer was "3 bedrooms" and this answer has remained on his policy for each year it was renewed.

INTACT said since the policy was inception, Mr G has had an extension to his property and converted his outbuilding, which has added two bedrooms to the property.

I appreciate Mr G has said these rooms aren't used as bedrooms, but when Mr G took out the policy via the comparison website, it was explained that bedrooms included rooms that are used for a different use. So, whilst I think the information provided at inception was correct, I don't think this information was correct when the policy was renewed.

Therefore, yes, I think there was a misrepresentation.

Did the consumer take reasonable care?

INTACT didn't think Mr G had taken reasonable care, as he hadn't updated it with the changes to his home.

I've checked the policy and under the section "important information", the policy states "this policy is based on the information you have given us about yourself, your family and your property. It is important you let us know within 30 days of changes that affect what you have told us; for example, if anything happens to change the use, nature or the amount of property insured or the number of bedrooms in your home changes".

In the conditions and exclusions section of the policy, it also states "These are the conditions of the insurance you and your family will need to meet as your part of this contract. If you do not, a claim may be rejected, or payment could be reduced". It then further explains a change in the number of bedrooms is something that would need to be reported to INTACT.

Finally, I've reviewed the renewal documentation that was sent to Mr G. This reiterates the importance of getting the number of bedrooms correct and it asks Mr G to re-check the policy details to ensure they are still up to date.

Mr G didn't notify INTACT at the renewal date of the change in his circumstances. He was sent the information about his policy and was asked to check it. I think INTACT has been fair to say Mr G didn't take reasonable care, as he was given opportunity to update INTACT on the changes.

Was the misrepresentation a qualifying representation?

If the misrepresentation was qualifying, it means INTACT would've done something different if it had received different information.

INTACT has explained that it would've charged a higher annual premium had it known about the higher number of rooms. It has provided evidence to support this which I've checked. Therefore, I think the misrepresentation was qualifying.

Was the misrepresentation careless, deliberate or reckless?

INTACT reasonably said the misrepresentation was careless, rather than deliberate or reckless.

This offered Mr G the best resolution to the misrepresentation. Had INTACT concluded the misrepresentation was deliberate or reckless, under the rules of CIDRA, it could've voided the policy and refused all claims.

However, by saying the misrepresentation was careless, INTACT has paid out the claim proportionately, which is the remedy I'd expect under CIDRA. From the evidence I've reviewed, the settlement agreed by INTACT was calculated fairly and in line with what I would expect given the qualifying misrepresentation that had occurred.

Therefore, I don't intend to uphold this complaint, as I think INTACT has acted fairly.

Responses to my provisional decision

Neither party responded to my provisional 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.

Given neither party has provided any new information, I see no reason to change my provisional decision.

My final decision

My final decision is that I don't uphold this complaint. I don't require INTACT INSURANCE UK LIMITED to do anymore.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 23 December 2025.

Pete Averill
Ombudsman