

## The complaint

Miss R complains that Great Lakes Insurance UK Limited (“Great Lakes”) has unfairly handled a claim made under her tenants contents insurance policy following a burglary.

Any reference to Miss R or Great Lakes includes respective agents or representatives.

## What happened

The background of this complaint is well known between the relevant parties, so I’m only going to provide a summary of events here.

- Miss R took out a tenants contents insurance policy within a phone call with an agent of Great Lakes in late 2024. The sum insured for contents was £10,000.
- In late January 2025 Miss R’s home was burgled. And she made a claim under her contents policy, which Great Lakes accepted.
- Miss R said she provided extensive evidence to demonstrate her losses and the burglary itself. And she described having to chase for updates and repeat herself.
- Great Lakes appointed a loss adjuster around mid-March 2025. And during their validation process, Miss R was asked to fill in a value at risk (“VAR”) form to detail the value of her contents, which came to £13,522.
- Great Lakes said Miss R had insured her contents for £10,000, meaning she had only been 74% insured. So, it said it would only pay 74% of her loss. This meant for her £8,728.60 in reported losses, Great Lakes paid her the sum of £6,459.16.
- Miss R complained, and argued that the delay in Great Lakes investigating had impacted the figure she gave. And if it had asked her to give the total sum of her contents from January 2025 (soon after the loss occurred) this would’ve reflected around £10,000 instead. She said this was because she’d had very little in the way of furniture when she moved in to her new home around the time of the loss, having moved from an apartment to a much bigger home.
- In June 2025, Great Lakes issued a final response letter. It said it had obligations to keep its policyholders up to date and progress claims as best possible, and this hadn’t happened in Miss R’s case. It said there was poor communication and progress, leading to delays and Miss R repeating herself and chasing for updates. It awarded £50 in compensation for its poor handling.
- Within its submission to this Service, Great Lakes said the value at risk (“VAR”) form it asked Miss R to fill in was clearly in relation to the items that were in the home during the time of the theft and was to validate the loss. So, it didn’t think it was plausible Miss R had filled it in believing she would need to include any new contents within her home some two months after the loss. And it said that some of the items (if not all) Miss R had referred to buying since the loss, had been replacements for items stolen during the burglary.
- However, Great Lakes said it would reconsider its calculations if Miss R provided evidence (such as receipts) demonstrating any extra contents she’d added to the

VAR form that inflated her contents above £10,000 were purchased between the date of claim (24 January 2025) and the date the VAR form was completed (18 March 2025).

- Great Lakes also awarded an additional £75 as it said it recognised it had failed to acknowledge all of Miss R's concerns previously – this brought its compensation to £125 in total.
- One of our investigators looked into things and upheld the case, saying:
  - During the sale, the seller had failed to explain the consequences of not insuring their home fully. And her answer was not unreasonable.
  - Miss R appeared to have entered the contract on the basis that £10,000 was sufficient for her and any claim up until that sum would be paid.
  - He said Great Lakes should pay £275 in total compensation. And settle the claim without reduction, plus 8% simple interest from the date of initial payment.
- Great Lakes disagreed, saying:
  - The question it had asked during the phone call was clear, and it had sought express confirmation from the policyholder that their level of cover was correct.
  - Miss R's complaint had never been based on a lack of information during the sale, and that instead the value of her contents had increased during the term of the policy. And in turn, she had failed to notify Great Lakes of this change.
  - It provided a copy of a telephone call from September 2024 – within which it said it had asked Miss R if £10,000 had been enough cover for her which she'd confirmed it would be as she did not have much in the way of contents at that time. Great Lakes said this showed Miss R understood the requirement to be correctly insured to the value of the contents in her home.
- The Investigator stood by his position, saying he felt the question asked was not reflective of the answer Great Lakes sought to obtain (which was the total value of all items in Miss R's home, as opposed to what would be the maximum value of a claim under the policy). And he said the details of the previous sale weren't material, but it hadn't been clear either, and so it wasn't fair to rely on a condition that hadn't been clearly explained to Miss R.

So, the matter was passed to me for an Ombudsman's decision. I issued my provisional decision on this complaint on 16 December 2025 explaining why I was intending on reaching a different outcome to our Investigator. I've included an extract of this below.

“Having done so, I'm minded to uphold this complaint, but for different reasons and with a different remedy to the one put forward by our Investigator. I'll explain why.

There are a few aspects to consider when looking at this complaint, these include the handling of the claim in question and any delays, the impact of these delays on the VAR, and Great Lakes' application of underinsurance terms.

#### *Miss R's complaint and Great Lakes' offer*

First, I think it's important for me to reflect the nature of Miss R's complaint. She's told this Service that her contents were worth around £10,000 at the time of the claim (in January 2025). And it was the delay in handling matters on the behalf of Great Lakes which meant the sum she gave, less than two months later, was reflective of a

lot more because she'd bought more furniture and other items.

The nature of this complaint suggests to me that Miss R did understand that her policy required her to be insured for the items in her home. However, for completeness I will consider the application of the underinsurance terms later within this decision. And I'll also go on to consider the handling of the claim. But I'm going to start by considering Great Lakes' offer in light of Miss R's actual complaint to this Service.

There's been a dispute between the parties as to whether the intention of the VAR form was ever made clear to Miss R. I can't be certain what was discussed when it was presented to Miss R, but on balance I do think a reasonable interpretation would be to provide details of the items in the home at the time of the loss as opposed to present day.

In my experience of these claims, this sort of timeframe between the claim being made and this validation being completed – around two months – isn't typically material in the way Miss R has described here. But I can understand her point given her description of moving home.

Great Lakes has offered to reconsider matters subject to Miss R providing evidence to it.

It strikes me that Miss R should be able to put forward the evidence Great Lakes has asked for to support the purchases she had around this time to demonstrate this sudden increase of over £3,000. I've been given nothing to suggest why receipts or appropriate evidence wouldn't be available or straightforward to obtain (particularly given these are all recent purchases for home items). For these reasons I'm satisfied this is a fair offer on its part. If Miss R provides this evidence, Great Lakes should reconsider the matter as it has suggested.

### *Underinsurance*

In this case Great Lakes has sought to reduce Miss R's claim using an average clause within its terms.

In matters related to underinsurance, this Service will typically look at the sale or renewal of a policy, and we'll consider misrepresentation principles. As Great Lakes was responsible for the sale in this case, that means we'll look at whether Great Lakes asked a clear question, and whether Miss R gave a reasonable answer in light of the information available to her.

Great Lakes has provided a call in which its agent sold this particular policy to Miss R. During this call it confirmed various details and said:

*"For all of your contents in the property, erm, will ten thousand pounds be enough to cover them all against fire, flood, storm and theft?"*

Miss R confirmed this would be.

I'm satisfied the question was clear. It specifically asked if £10,000 (the level of cover she had in place) would be enough to cover all of her contents in the event of the set of insured perils. And I'm satisfied Miss R understood (or ought to have understood) that this meant she was confirming her level of cover for her contents based on everything in her home.

As described above, there is a dispute about the degree of underinsurance at the time of the loss. Subject to Miss R providing receipts and evidence of an increase in contents value, I'm currently satisfied her answer to Great Lakes' question was not a reasonable one and that £10,000 was not sufficient to cover her total contents which appears to be a fair margin above this.

In turn, I've gone on to think about the impact of this mistake. Under misrepresentation principles this Service would typically say it was fair for an insurer to calculate the impact of the underinsurance on its premiums charged, then use that percentage as a basis for its reduction.

Great Lakes has provided me with underwriting evidence to support that it would've raised its premiums by 27.40% had Miss R selected a higher level of cover. And if it used this calculation, Miss R would've received 72.60% of her claim.

But in this case, Great Lakes said it chose to use its average clause instead which provided Miss R with the higher sum of 74%. So, it seems the settlement Great Lakes had put forward was more generous than the sum I would've directed it to pay under the principles I described. For this reason, this isn't something I would look to interfere with.

### *Handling*

Insurance claims of this nature will no doubt have an unavoidable impact on an individual, and I have great sympathy for the experience Miss R has gone through in having her items stolen and her home burgled.

My role requires me to consider the impact of any mistakes of Great Lakes. So, I have to take into account any of the avoidable distress and inconvenience it has caused within its handling of this claim.

For the reasons I've given above, I'm satisfied that its actual settlement was fair in the circumstances and more generous than I would've awarded. So, while I can understand Miss R may be disappointed by the reduced settlement, this isn't a matter I'm currently minded to make any award for.

I've thought about the overall handling of the claim. And having reviewed what has happened, I'm satisfied Miss R was left to chase for updates and repeat herself about the incident at a time she no doubt would've been in a vulnerable position. And it appears that for around a month or so after the claim was made, little progress was made and Miss R was not given clear communication as to the status of the claim, nor was it being handled promptly and fairly.

Great Lakes has agreed it has made mistakes in the handling of this complaint. And overall, it has made an award of £125 in compensation. In the circumstances I'm satisfied that this doesn't truly reflect the impact, stress or experience Miss R had gone through in having to speak to multiple agents and left with little support when Great Lakes should've done more. As a result, I'm directing it to pay £250 in total compensation for the distress and inconvenience it has caused Miss R."

I gave both parties until 6 January 2026 to provide a response and we've heard back from everyone.

Great Lakes responded to say it would accept the provisional decision. Miss R disagreed, saying the VAR form details were not explained to her, and she filled it in quite literally based

on what she had at the time. She also made reference to consumer duty principles regarding customer interests and treated customers fairly. Miss R said she was happy to provide receipts for the items she'd purchased after the VAR form was completed, but she had concerns regarding Great Lakes actions once she'd provided her receipts to it.

Our Investigator explained that any dispute regarding the consideration of those receipts and potential impact on underinsurance calculations would need to be considered separately, and by Great Lakes in the first instance before this Service becomes involved. I understand Miss R has now provided details to Great Lakes. So, the complaint has been passed back to me for a final 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.

Having done so, I'm still upholding the complaint for the same reasons I've given previously. I'll explain why, touching on the points Miss R has most recently raised.

- I take on board what Miss R has said about a lack of context she was given around the VAR form. She's provided an email which simply asks her to complete the form. I appreciate Miss R may have found it useful to have more detail around this, but I don't think the email was misleading nor have I seen she sought any clarity herself regarding this if she was unsure in how to fill it in. But in any case, this has little bearing on the overall outcome as I'm satisfied Great Lakes offer to recalculate its underinsurance addresses this matter as if the VAR form had been filled in correctly.
- I assure Miss R that when deciding this case I've taken into account all of the relevant obligations Great Lakes has regarding the law, regulation, best practice. And my comments within my decisions reflect these obligations.

As our Investigator has said, should a further dispute arise regarding the receipts and potentially revised underinsurance calculation this will need to be raised with Great Lakes in the first instance. Then it may be considered by this Service (subject to our usual considerations and rules).

### **My final decision**

For the reasons given above, I'm upholding this complaint, and I direct Great Lakes Insurance UK Limited to:

- Pay Miss R £250 in total (it can deduct any payments of compensation in relation to this complaint already paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 4 February 2026.

Jack Baldry  
**Ombudsman**