

## The complaint

Mr N and Ms K complain that Liverpool Victoria Insurance Company Limited, trading as LV=, voided their home insurance policy and declined a claim they made on it.

Reference to Mr N includes Ms K and their representative. And reference to LV includes its agents and representatives.

## What happened

The circumstances of this complaint aren't in dispute, so I'll summarise the main points:

- Mr N took out a buildings and contents insurance policy in 2018. It renewed annually.
- After the 2023 renewal, Mr N got in touch with LV to make a claim following a theft. There was damage to the buildings, and items of contents were damaged or stolen.
- LV asked Mr N to complete a 'loss list' to set out what had been damaged or stolen and how much Mr N was claiming for each item. Mr N claimed for around £60,000 in total. LV valued the jewellery alone at nearly £300,000 and said other contents in the home could be worth a further £100,000.
- Noting an overall contents sum insured of £150,000, LV said Mr N was significantly underinsured. It said it wouldn't have provided cover if it had been told Mr N's contents were worth more than £150,000. It voided the 2022 and 2023 policy renewals and declined the claim as a result.
- Mr N complained. He challenged LV's position on a number of points, including:
  - LV's contents valuation was unreasonably high.
  - At the 2023 renewal, the family were abroad and took much of their jewellery with them. That meant some of the jewellery wasn't in the home at the time of the renewal.
  - A family member arrived at the home shortly before the theft with a large amount of jewellery. That also meant some of the jewellery wasn't in the home at the time of the renewal.
- LV invited Mr N to provide evidence to support these points, but it said none was provided. It said it was clear during the renewals about the information Mr N should provide, but it didn't think he'd provided reasonable information in response. In the circumstances, it thought it was entitled to void the policy and decline the claim.
- Our investigator thought LV acted fairly by voiding the contents policy and declining the contents claim. However, she thought LV acted unfairly by voiding the buildings policy and declining the buildings claim. She asked LV to reinstate the buildings policy and settle the buildings claim, less the buildings premium LV refunded. She also asked it to pay £150 compensation.

- LV said Mr N bought a combined home insurance policy, so it was entitled to void the entire policy and declined the entire claim. Mr N responded but he didn't indicate whether he agreed with our investigator or not, or provide any reasons if he didn't.
- As an agreement wasn't reached, the complaint has been passed to me.

### **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.

- When considering what's fair and reasonable in the circumstances I've taken 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. Whilst I've read and taken into account everything said by both parties, I'll only comment on the points I think are relevant when reaching a fair outcome to this dispute. That's a reflection of the informal nature of this Service.
- The main point of this complaint is whether it was fair for LV to void the contents policy and decline the contents claim. In short, it took these steps because it didn't think Mr N provided reasonable information when renewing the policy. So that's what I'll focus on. I'll then move on to the buildings policy.

### *Contents policy and claim*

- When looking at the information provided at a renewal for a consumer policy, as was the case here, the relevant law is the Consumer Insurance (Disclosure and Representations) Act 2012 (or "CIDRA"). It places a duty on the consumer, in this case Mr N, to 'take reasonable care not to make a misrepresentation'.
- In summary, if Mr N fulfilled that duty, LV can take no action. If LV can show he didn't fulfil that duty, and LV can show that it would have acted differently if he had fulfilled that duty, CIDRA sets out the remedies available to LV. Depending on the circumstances, that can include voiding the policy, which means treating it as if it never existed. As a result, it can also include declining the claim.
- Strictly, I don't think CIDRA applies to an estimate – only to matters of fact. And the key point of dispute here turns on an estimate. But I think it would be fair and reasonable for LV to take into account the principles of CIDRA regardless. These principles are representative of long term good industry practice.
- To renew the policy in 2023, LV wanted to know how much it would cost to replace all Mr N's contents as new. This was set out clearly in the Insurance Product Information Document ("IPID") as part of the renewal documents. Accompanying the IPID was a policy schedule, which showed Mr N had contents cover of £150,000.
- The renewal documents said Mr N should check the information and let LV know if anything was incorrect. It also highlighted that not getting the policy limits right could mean treating the policy as if it never existed or a claim being rejected. So I'm satisfied LV made Mr N reasonably aware of the importance of the policy limits, the potential consequences if they were insufficient, and encouraged him to check them. I'm also satisfied LV made Mr N reasonably aware he was insuring his contents on the basis they would cost around £150,000 to replace as new – and he should tell LV if that amount was insufficient.

- The question for me is whether that amounted to a reasonable estimate of the likely replacement cost, based on what Mr N knew, or ought reasonably have known, at the time of the renewal in 2023.
- Mr N's contents claim was for around £50,000, including around £40,000 of jewellery and other valuables. LV valued the jewellery at nearly £300,000. I recognise that's considerably more than Mr N's claim, but I note the valuation was carried out by a professional jeweller. I haven't seen another professional valuation to challenge LV's position, either for the total value or for any individual items. Whilst I note Mr N has receipts for some of the items to show the original purchase price, that doesn't necessarily reflect the 'as new' replacement value of items at the 2023 renewal. So, in these circumstances, I find LV's valuation to be the more persuasive.
- Mr N is entitled to obtain his own professional valuation and share it with LV for further consideration. He's also entitled to explain to LV what he thinks the value of certain items should be, and why. In either case, I would expect LV to consider anything Mr N provides.
- I haven't seen details to support LV's estimate that other contents were worth as much as £100,000, so I don't find that persuasive. But, with the jewellery valuation alone, it's clear from the available evidence that the contents would cost much more than £150,000 to replace as new.
- So I can understand why LV thought the contents were underinsured. I haven't seen anything from Mr N to explain why his estimate was reasonable in the circumstances. But he's challenged LV on two main points.
- Mr N said much of the jewellery wasn't in the home at the time of the renewal because it had been taken abroad. I understand that to mean it wasn't included in his estimate – so the estimate didn't reflect the full value of the jewellery.
- If the jewellery had been *permanently* removed from the home, then it may be reasonable to exclude it, as there would have been no intention or requirement to insure it. But if any items were permanently removed from the home, I think it's unlikely they would form part of the claim for theft from the home. And it seems the jewellery was merely *temporarily* removed, and it was soon returned home with the expectation it would be insured under the policy. In these circumstances, I don't think it was reasonable to exclude this jewellery from the estimate.
- Mr N also said some of the jewellery was brought to the home shortly before the theft by a family member not insured under the policy. I understand that to mean the jewellery wasn't intended to be covered by the policy, so it wasn't included in the estimate, but had nonetheless been included in the loss list. If so, Mr N is entitled to provide evidence to support that position. I note LV invited him to do so, but it says it hasn't received anything from him. He remains entitled to explore this further with LV and I would expect LV to consider anything Mr N provides.
- Taking all of this into account, I'm satisfied Mr N's estimate was unreasonable based on the available evidence. As a result, it was fair for LV to consider what it would have done if it had received a reasonable estimate.
- LV has shown it wouldn't have offered the policy if Mr N had estimated his contents were worth more than £150,000 at the 2023 renewal. That means LV was entitled to

act as if the policy never existed from that time, by voiding it and declining the claim. And that's what it did. So I consider it acted fairly by doing so.

- All the evidence has been focused on the 2023 renewal, though LV also voided the 2022 renewal. I understand the position is likely to have been the same a year earlier, so LV acted fairly then too. But, even if not, I don't think that would make a material difference to Mr N. He would still have a voided policy from the 2023 renewal, and the claim would still be declined. So I don't think there's a benefit in considering the 2022 renewal in more detail.
- Overall, I'm satisfied LV acted fairly and reasonably in relation to the contents policy.

### *Buildings policy and claim*

- Whilst the majority of the claim was for contents, Mr N's claim included a buildings element. That was accepted and I understand a payment was made towards it. Further payments would have been made, had LV not voided the entire home insurance policy, including building insurance. So it's clear Mr N has lost out in relation to the buildings claim, as well as the contents claim.
- I understand the only reason for voiding the buildings policy was because it formed part of the wider home policy. There's been no suggestion that LV thought Mr N gave any unreasonable information in relation to the buildings policy, such that it was entitled to void the buildings policy in its own right.
- So, if Mr N had asked LV for a buildings only policy, based on the same details he gave for this policy in 2022 and 2023, it seems LV would have been prepared to provide one. And he would have gone on to make a successful claim for the buildings damage caused during the theft.
- Whilst Mr N had a home policy providing buildings and contents, I don't think that was because he *needed* the two covers to be combined to satisfy his insurance requirements. I think it was just a matter of convenience.
- In these circumstances, I'm not satisfied it would treat Mr N fairly to void the buildings policy. It would mean a problem confined to the contents policy has also impacted the buildings policy. Or, to put it another way, there was no problem with the buildings policy, but it has nonetheless been voided. And, as a result, Mr N has lost out on an otherwise accepted claim.
- Overall, I'm not satisfied LV acted fairly and reasonably in relation to the buildings policy. To put things right, I agree with our investigator that LV should reinstate the buildings policy, and settle the buildings claim, less the buildings premium LV refunded, and subject to the terms and conditions of the buildings policy. It should also pay £150 compensation for the distress and inconvenience caused.

### **My final decision**

I uphold this complaint.

I require Liverpool Victoria Insurance Company Limited, trading as LV=to:

- Reinstate the buildings policy.

- Settle the buildings claim, less the buildings premium LV refunded, and subject to the terms and conditions of the buildings policy.
- Pay £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K and Mr N to accept or reject my decision before 24 February 2026.

James Neville  
**Ombudsman**