

## **The complaint**

Mr and Mrs M complain that Tesco Underwriting Limited (“Tesco”) has unfairly voided their home insurance policy following a burglary claim.

Any reference to Mr and Mrs M or Tesco includes respective agents or representatives.

## **What happened**

The background of this complaint is well known between all of the parties. So, I’ve summarised the events here.

- In March 2021 Mr and Mrs M took out their home insurance policy via an online comparison site. This policy provided them with “unlimited” buildings cover, and contents cover set at £75,000 with a limit of £15,000 for valuables. The policy renewed for the years that followed.
- In early 2024 Mr and Mrs M’s property was burgled. The burglars took various items, including money and jewellery. And they caused damage to the home.
- Mr and Mrs M contacted Tesco to make a claim. It appointed a loss adjuster (“LA”) and they attended the property to validate the claim. A complaint about the LA’s behaviour was made to Tesco and it responded within a final response letter (“FRL1”) on 4 April 2024.
- Mr and Mrs M were asked by Tesco to complete a contents list. Following some back and forth, figures were submitted and amended by Mr and Mrs M across December 2024 and February 2025. The sums varied across the forms between £172,480 and £90,650 for contents, and £36,750 and £35,250 for valuables.
- Around this time, another complaint was raised and Tesco issued another final response (“FRL2”) on 3 January 2025. It responded to concerns about the speed of the claim progressing and behaviour of an agent who called Mr and Mrs M on 24 December 2024. It said it had moved at pace, and contacted Mr and Mrs M on Christmas Eve as a usual working day as it needed information from them.
- Tesco told Mr and Mrs M the maximum risk it would’ve covered was £100,000 for contents and £30,000 for valuables. It said if it had known of the level of contents and valuables in the property it wouldn’t have offered Mr and Mrs M any policy at all. So, Tesco voided the policy and provided Mr and Mrs M with a refund of their premiums.
- Tesco provided me with a third final response (“FRL3”). This isn’t dated but it is from after the point of voidance, which is around June 2025 onwards. This said the policy was taken online and it had provided Mr and Mrs M with clear documentation that highlighted the policy limits. Tesco said its records didn’t reflect agent involvement during any sales. And it said it had concerns about Mr and Mrs M’s revision of their valuation forms. Tesco said Mr and Mrs M had referenced their initial valuation had included fixtures and fittings, and that they’d included items that had been purchased after the break-in including an alarm system. But Tesco said the initial report did not reflect these facts or include any fixtures, fittings nor an alarm system.

- Mr and Mrs M brought their complaint to this Service. They said given their contents hadn't changed over time they hadn't sought to adjust the sums insured. They said they were never told their sum insured should reflect the replacement value of the items – and this had impacted their decision making as many of their items had been purchased second-hand and their jewellery was in poor condition. They complained about various matters related to handling, and said the LA's valuations had varied dramatically so it was unfair to expect them to accurately value the contents when the professional (the LA) couldn't do so. Mr and Mrs M complained about the impact of delays and said the inaction on the part of Tesco had left their home unsecured since the incident as necessary building works hadn't gone ahead.
- Our Investigator looked into what happened and upheld the complaint in part, saying:
  - She was unable to consider the complaint addressed in FRL1 as this was brought out of time.
  - The policy renewal material Tesco had provided was clear on the level of cover Mr and Mrs M had taken, and on their obligations to ensure this was sufficient for their needs.
  - It wasn't in dispute that Mr and Mrs M's contents and valuables were worth over the respective limits of £75,000 and £15,000. So, she said Mr and Mrs M hadn't provided a reasonable answer to the question asked about the level of cover they'd taken.
  - There had been some dispute about the total level of contents, but on the basis of the valuables alone being worth over £30,000 (Tesco's maximum possible limit for valuable cover) she was satisfied Tesco wouldn't have provided cover. So, its voidance of the contents part of the policy was fair.
  - The Investigator wasn't persuaded it was fair for Tesco to avoid the buildings cover. While they were purchased as a combined policy, Tesco does provide a standalone buildings policy and she hadn't been given any reason why Tesco would've refused buildings cover because of the value of contents.
  - Tesco's handling of the claim had been reasonable and without any unnecessary delays. But she said the declined buildings cover would've caused additional distress and inconvenience to Mr and Mrs M.
  - She directed Tesco to reinstate buildings cover and reconsider Mr and Mrs M's buildings claim, as well as pay them £200 in compensation.
- Tesco provided a detailed response disagreeing with the assessment, in summary it said the policy was sold, administrated and unwritten as one combined policy. So, to separate the cover into contents and buildings would not be reflective of how the risk was accepted by Tesco. Tesco said the increased contents risk materially affected the buildings risk in this case. And had Mr and Mrs M disclosed the value of their contents and valuables, the overall policy wouldn't have been agreed to.
- Mr and Mrs M also disagreed. They requested further time as they said they intended to provide evidence that would support the values attributed to their items were not accurate. But they've not provided anything since. They also reiterated their concern that Tesco altered its valuations during the claim.

So, the complaint was passed to me for an Ombudsman's decision. I issued a provisional decision on 24 February 2026 explaining why I didn't intend on upholding the complaint. I've included an extract of this below.

"Mr and Mrs M's complaint has concerned a number of issues. I'm going to focus on these in turn.

### *Jurisdiction of FRL1*

Mr and Mrs M haven't disputed this matter since our Investigator's assessment. But for completeness, and for the reasons given by our Investigator previously, I'm satisfied the complaint related to FRL1 was brought to this Service outside of the relevant six-month time limit. Having seen the ongoing interactions between Mr and Mrs M and Tesco, I'm satisfied there are no exceptional circumstances which justify why it was brought out of time. So, I won't be considering any of the complaint points addressed within FRL1 within this decision.

### *Underinsurance*

In this case there's no dispute there has been a burglary at Mr and Mrs M's property. The dispute here concerns the level of cover Mr and Mrs M took out when the policy was sold and renewed each year.

This policy was sold by Tesco, and when doing so, it had to provide information that was clear, fair and not misleading. In line with misrepresentation principles, I would expect Tesco to ask clear questions that reasonably gave the consumer the opportunity to understand what they needed to do in order to be appropriately insured in the event of a claim.

In this case, there's no dispute that Mr and Mrs M were underinsured. Even using the lowest values put forward by Mr and Mrs M, these are in excess of the amount of cover they had taken out. And in Mrs M's own words she's acknowledged she was underinsured but said Tesco hadn't been clear enough with her, saying:

*"I fully acknowledge that I should have made more detailed enquiries regarding the value of certain items, but I was not given further explanation or guidance on this matter..."*

Tesco wanted the sum insured for the policy to cover the full cost of replacing all of Mr and M's contents, as new. So, I've considered whether the renewal from March 2023 – the most recent prior to the claim being made – was clear that Mr and Mrs M needed to ensure their contents sum insured achieved this.

The statement of fact renewal document clearly sets out that Mr and Mrs M's contents were insured up to £75,000 – which it describes as "*Total replacement value as new up to*". It also

includes a question that says "*The replacement value as new of all valuables exceeds the maximum value shown on the schedules*" with "No" input after this.

The schedule details the level of cover, and under "*Contents*" it says "*Total replacement value as new up to : £75000*". Below this it states an individual limit for "*Maximum for all items of valuables in the home*" and lists this as £15,000.

I'm satisfied Tesco was clear the £75,000 sum insured should represent the as new replacement value of the contents. And similarly for the valuables sum insured. So, its clear to me that Mr and Mrs M had cover that was insufficient for their needs. I'll go on to consider the extent of this below. But I've thought about Mr and Mrs M's concern that this was never explained to them that the responsibility sat with them.

Within the attached Insurance Product Information Document ("IPID") it reiterates the contents limit and states under the heading "*what are my obligations?*"

*“It is your responsibility to ensure that all the information that has been given by you, or that has been given on your behalf, is true and complete. You must check all documents carefully to make sure that the cover meets your needs. If there are any errors on your Statement of Fact or Schedule, or the information is not correct, your policy may be voided. You must contact customer services if you are in any doubt that your policy details are correct.”*

I'm satisfied this wording was clear and overall, various parts of the renewal documentation directed Mr and Mrs M to ensure their insurance met their requirements. I take on board Mr and Mrs M didn't follow this direction, but I don't hold Tesco accountable for this.

Tesco has said Mr and Mrs M's valuables are worth around £36,000. I acknowledge there's been some back and forth on this exact sum, but it's evident to me that the answer of £15,000 was not sufficient for Mr and Mrs M to replace their valuables “as new”.

So, I'm satisfied Mr and Mrs M didn't take reasonable care when the policy was renewed.

In line with misrepresentation principles, I've gone on to consider the impact of this answer on Tesco. In doing so here I must address the extent of the underinsurance.

On a valuation from December 2024 Mrs M signed and dated the document to confirm their total contents were worth £172,480 with £36,750 in valuables. This was revised shortly after by Mr and Mrs M. They said the reason this valuation of their contents had appeared so high was due to including installation, an alarm, transport costs, items they'd rebought and items that would fall under “buildings”.

On the most recent I've seen from February 2025 – that was signed and dated by Mrs M – it concludes their total valuables are worth £35,250 and gives them a total contents sum of £90,950. This is a reduction of around £80,000 based on what Mrs M initially signed to say was accurate.

As outlined in FRL3, Tesco said it had concerns about Mr and Mrs M's revised figures. And Tesco said many of the items Mr and Mrs M had said inflated their calculation (such as fixtures and fittings) simply hadn't made up the initial valuation.

I accept it's possible certain items that would be classed as “buildings” perhaps were recorded under this contents list. But having reviewed these valuations side by side, there are many items where the price appears to have changed considerably without much in the way of explanation.

I won't list all items here, but I've included a few examples. Cutlery was listed as £1,200 in the December 2024 report, but £120 in the revised February 2025 figures. Clothing across multiple bedrooms was listed as £18,000 in December 2024, but reduced to £11,000 in February 2025. Garden DIY tools went from £12,000 to £3,000, and children's toys from £3,000 to £300 in December 2024 and February 2025 respectively.

I can't overlook the extent of these changes – and even if I felt the earlier valuation had been unintentionally inflated, I can't see their reasoning since explains around £80,000 in difference in value. So, I'm satisfied that Mr and Mrs M's contents were most likely worth over £100,000 and therefore Tesco would've never insured them.

But in any case, this hasn't changed my thinking in this case. I say this as one of the valuations that has appeared to remain similar across the forms is for the total value of the valuables Mr and Mrs M owned.

Mr and Mrs M have provided nothing in the way of valuations or receipts to suggest the valuation of over £35,000 for valuables is inaccurate – and they've signed several forms confirming these figures are accurate. So, I'm satisfied, on balance, it is reasonable to rely on these figures.

I've reviewed Tesco's underwriting guidelines and I'm satisfied on the basis of the valuables alone Tesco wouldn't have insured Mr and Mrs M. This means even if I agreed with Mr and Mrs M on the subject of the value of their overall contents being worth around £90,000 –which I don't – this wouldn't change anything.

Tesco voided the policy as a result – and this is in keeping with the misrepresentation principles this Service would take into account when looking at underinsurance.

Our Investigator previously directed Tesco to effectively reinstate the buildings element of the policy. To consider the divisibility of a policy of this nature is a step this Service considers when determining whether an insurer has acted fairly and reasonably.

Tesco's underwriter said when a policyholder requests a combined policy and any part is unacceptable, Tesco would decline to quote as it wouldn't wish to leave someone without cover they need and it isn't good practice.

Tesco has argued the increased contents risk materially affected the buildings risk. And it says a home containing valuable jewellery and high value contents is at significantly higher risk of burglary, forced entry, malicious damage and repeat targeting – which impacts the risk under the buildings section of structural damage (doors, frames, locks, glazing, forced entry), frequency and cost of claims. Tesco said the home in question was targeted for its high value contents, therefore this factor was material to the buildings risk.

The underwriter's commentary satisfies me that the knowledge of the value of the contents and valuables of Mr and Mrs M's home would've specifically prevented Tesco from providing buildings cover due to the increased risk that it has detailed.

For this reason, Tesco has satisfied me that its assessment of the risk here was based on everything it knew about Mr and Mrs M. And in these circumstances, to direct Tesco to provide buildings cover I think would be unfair as I would be directing it to take on a risk it specifically wouldn't have sought to cover if Mr and Mrs M had provided reasonable valuations for their contents, including valuables.

On this basis, I'm satisfied that Tesco's decision to void the combined policy was a fair and reasonable one. And I'm not intending to direct it to do anything further.

### *Handling*

Our Investigator previously gave a breakdown of the progression of this claim which I don't intend to repeat here. But in keeping with her commentary, I'm satisfied the claim progressed in a timely manner. So, this isn't something I would look to make any award for.

Furthermore, I have no concerns about the agent of Tesco contacting Mr and Mrs M

around Christmas to move the claim forward as this was with the intent of progressing matters for their benefit – even if they found this undesirable.

I have no doubt the experience of having their policy voided and claims declined will be frustrating and distressing for Mr and Mrs M. But as I'm satisfied Tesco's avoidance is fair, this isn't something I would seek to hold Tesco accountable for. Therefore, I'm not minded to award any compensation in this case as I see no issue with the steps Tesco has taken."

I gave both parties until 10 March 2026 to provide any further evidence or submissions, and this time has now passed. Tesco didn't provide anything further. Mr and Mrs M responded to say they disagreed, and in summary they've said:

- *Valuables*: The evidence supporting the conclusion that Mr and Mrs M's valuables were worth over £30,000 was highly uncertain. They say a single item (a watch) had been valued at varying sums by Tesco's agents between £20,000 and £40,000. And information obtained from Tesco showed its agents had concerns as to whether the item was authentic – such an uncertainty would be unfair to rely upon.

They also said the watch in question was in very poor condition – and they've suggested had the claim been accepted Tesco would've reduced a settlement for the watch given its condition. So, they said I could not safely conclude that the value of their valuables exceeded Tesco's underwriting threshold.

- *Contents*: Mr and Mrs M were instructed to complete a detailed room by room checklist of their contents, and they'd been given poor advice by Tesco's agent to include certain unnecessary costs (such as transport) as well as items bought after the loss. They said they did not produce these lists themselves independently and they believe the replacement value of their items has never exceeded £100,000.
- *Index linking and inflation*: A widely adopted practice within the insurance industry was to index link policy sums to reflect increasing costs. Tesco does not do this and Mr and Mrs M say this places its customers at significant risk of policy avoidance due to inflation. They said Tesco failed to draw this to the attention of their policyholders within any documentation. And Mr and Mrs M say its actions amount to a breach of Consumer Duty principles including avoiding foreseeable harm.
- *Buildings cover*: Mr and Mrs M argue the evidence presented did not demonstrate the buildings risk was unacceptable, and there had been no lack of disclosure on the buildings side. They say Tesco would've offered them a standalone buildings policy, and they highlighted that they'd previously taken buildings and contents with separate insurers in the past so disagreed this would be best practice. They also said knowledge of the high value contents in the home was only known to Tesco after the burglary – and the question I should consider is what Tesco would've done in regards to the buildings cover at the point of sale. So, they said they did not believe Tesco was entitled to void the buildings aspect of their policy.
- Mr and Mrs M say they did not believe they failed to take reasonable care to misrepresent the values of their items when taking out the insurance and renewing cover. And they believed the value of their contents and valuables had remained within the limits that Tesco would accept.

So, the matter has been passed back to me for an Ombudsman's 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 not upholding this complaint. I'll address each of Mr and Mrs M's most recent submissions in turn to explain why.

### *Valuables*

Mr and Mrs M have said the valuations put forward and relied upon by Tesco are not accurate – particularly these had varied within their estimation.

My role requires me to determine what is most likely on balance. Tesco has drawn conclusions on the value of Mr and Mrs M's valuables based on the evidence provided to them by Mr and Mrs M and their jewellery specialist.

At no time have Mr and Mrs M provided any alternative valuations of these valuables in question. I've been given no invoices, receipts, or evidence that supports the valuations Tesco has relied upon are inaccurate.

Each of the valuation checklists I've been provided with has the following wording at the end of the document:

*"I/We confirm that the completed checklist accurately reflects the value of the contents of my/our home before the incident occurred."*

Mrs M hasn't disputed she's signed these documents and returned them to Tesco's agent. All of these checklists show the value of the valuables to be over £35,000. So, it seems to me that Mrs M has herself confirmed she had no concern about the value attributed to the valuables previously.

Mrs M has made reference to concerns Tesco may have had about the authenticity of one of the watches. And she's suggested therefore Tesco should not be able to rely on the value of the item with this concern. As I've outlined, Mrs M never objected to these values being accurate nor suggested any of the items she has claimed for were not genuine. So, I am satisfied it's fair for Tesco to rely on these sums on the basis the items were genuine, because that's how Mr and Mrs M have presented them – as genuine.

From what I've seen, the valuables sum was made up of a valuation on various items of jewellery, and not £30,000 attributed to a single item. And while I recognise the valuation was not a straightforward matter for Tesco and its specialist, it appears this is because of a lack of evidence put forward by Mr and Mrs M. So, I wouldn't expect Tesco to overlook the valuation given by a specialist and simply reduce the valuation because in these circumstances it would be preferable for Mr and Mrs M. Particularly when no alternative valuation has been provided to support a lower figure.

I also recognise Mr and Mrs M have said one of the items was in poor condition – but yet again their commentary about the impact of this is not supported by any specialist opinion or valuation to counter the valuation relied upon by Tesco. Furthermore, Tesco wanted to know the cost of replacing all of the items "as new" so I wouldn't have expected Mr and Mrs M to have reduced the value of such an item to account for wear and tear when they considered the suitability of their overall contents or valuables sum.

For all of these reasons, I'm still satisfied that the value of Mr and Mrs M's valuables was above the criteria that Tesco would've accepted. So, these comments haven't changed my position.

## *Contents*

Mr and Mrs M have said they were given poor advice from Tesco's agent regarding the inclusion of certain unnecessary costs.

I've been provided with an undated email from Mrs M to one of Tesco's agents. It says it is a follow up email to a phone call from 22 January 2025. Within this Mrs M says she mistakenly included items within her list of items that included things that fell under "*buildings*". And she said: "*Due to my initial incorrect report – which I had to prepare on my own – my insurer made a very unfair decision to void my policy, leaving my home uninsured.*"

This appears clear to me that Mrs M did have a heavy involvement in what was included within the report sent to Tesco – as she said in her own words she prepared this on her own.

In any case, in regards to mistakes within this initial submission, this is a point I've specifically addressed within my provisional decision where I had highlighted items that were significantly different between the valuation checklists. Mr and Mrs M haven't provided me with any reasoning which justifies the extent of these changes.

As a result, my provisional thoughts stand. As the reduction of around £80,000 has not been reasonably explained by Mr and Mrs M and based on all of the available evidence I'm satisfied that their contents were most likely worth over £100,000 at the time of loss and therefore Tesco would've never insured them on this basis.

## *Index linking and inflation*

Mr and Mrs M have made reference to certain insurers index linking policy limits. I'm in agreement that some insurers will include this – and other insurers do not. This Service is not here to act as the regulator nor tell insurers how to set their commercial practices. There is no rule, regulation or similar which says insurers *must* include index linking. So, I'm satisfied Tesco wasn't required to do this.

I've explained previously that I'm satisfied Tesco made it clear to Mr and Mrs M that their obligations were to ensure they had the appropriate sums set.

I understand in retrospect that they may have preferred Tesco to include this sort of index linking. But I've seen nothing to suggest Tesco ever gave Mr and Mrs M such an impression it would include this. And so, the responsibility to ensure they were adequately insured remained with Mr and Mrs M.

Mr and Mrs M have made reference to the Consumer Duty and suggested the lack of inclusion of index linking should be perceived as a breach of avoiding foreseeable harm. But I disagree with this for the reason that I'm satisfied Tesco clearly explained to Mr and Mrs M what their obligations were. And I'm not persuaded their lack of engagement with this (acknowledged by Mrs M saying she should've carried out more detailed enquiries herself) amounts to foreseeable harm that Tesco should be held accountable for.

## *Buildings cover*

Mr and Mrs M have said I should focus on what Tesco would've done had they sought to take a standalone buildings insurance policy.

As I've outlined previously, Tesco has argued the increased contents risk materially affected the buildings risk. And I'm satisfied that this is the case that in these circumstances had Mr and Mrs M disclosed the value of their contents and valuables Tesco wouldn't have insured

them on any terms.

I want to be clear, had Mr and Mrs M approached Tesco at the point of inception and only sought to take a buildings insurance policy I'm satisfied Tesco *would've* most likely insured them for buildings only. But they didn't – they approached it for a combined policy.

The difference in this case is that with the combined policy, Tesco has been clear that it considers all of the facts presented and doesn't look at these as two separate standalone policies. Meaning that the value of Mr and Mrs M's contents did impact Tesco's decision to sell them a combined buildings and contents policy.

For me to direct Tesco retrospectively to provide buildings cover would be to overlook the specific facts it should've been aware of (by Mr and Mrs M) at the point of sale and of which would've led to it declining cover for the combined policy. So, this hasn't changed my mind and I'm satisfied Tesco's voidance is in line with the relevant misrepresentation principles.

### *Conclusion*

For all of the above reasons, I'm satisfied Mr and Mrs M failed to take reasonable care when their policy renewed in 2023. And Tesco has satisfied me it would've never offered cover on any terms to Mr and Mrs M had known of the value of their contents and valuables.

In turn, I'm satisfied Tesco has fairly voided Mr and Mrs M's policy and returned their premiums in keeping with the relevant misrepresentation principles.

### **My final decision**

For all of the above reasons, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs M to accept or reject my decision before 9 April 2026.

Jack Baldry  
**Ombudsman**