

The complaint

Mr S is unhappy that HDI Global Specialty SE declined a claim under his Standalone Tools insurance policy.

What happened

Mr S took out a policy with HDI to cover tools up to a limit of £5,000. He made a claim to HDI after a theft from his van. The van had been parked outside a house where he was working. He told HDI that tools worth over £7,000 had been stolen and in total he owned tools worth £24,000. He sent HDI a list of the stolen items and proof of purchase for them.

HDI offered to settle the claim but made a deduction of 20% for wear and tear and a further deduction for underinsurance.

Mr H complained to HDI. He said the amount of £24,000 was for tools kept at home which were covered by separate insurance. HDI was concerned that Mr H had changed some of his information. It withdrew its settlement offer and decided to investigate the claim more fully.

HDI's investigator asked Mr S for some further information. Amongst other things Mr S provided the police crime number, photos showing the damage to his van and details of his claim under his van insurance policy. But Mr S said his colleagues and employer didn't agree to him providing some of the information required by HDI, in particular:

- Details of the manager and colleagues who were working with him on the day of the loss;
- Estimates, invoices and evidence to show he was working at the site; and
- The name and address of the man who'd called Mr S to tell him about the theft.

HDI declined the claim. It said Mr S had failed to provide information which it required to validate it.

Mr S referred his complaint to this Service. Our Investigator didn't think the information required by HDI was strictly necessary to validate the claim. She also thought HDI had treated Mr S unfairly by making a deduction for wear and tear in its original settlement offer. She recommended that HDI should reassess the claim in line with the policy terms and applicable limits and add interest onto any claim settlement.

As HDI disagreed, the matter has been referred 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 a claim is made on an insurance policy, it's standard practice for an insurer to investigate the circumstances of the claim and to validate the evidence provided. I need to

decide whether it was reasonable for HDI to rely on the fact that Mr S hadn't provided certain information in order to decline his claim. Having looked at the police report, I'm not sure why HDI considered the information referred to above as being essential to validate the claim.

The police report confirms the police were called to the address given by Mr S. Masked men were seen as having broken into the van and were removing tools. Police saw 20–30 power tools in the suspects' vehicle before they left the scene. The suspects were not traced.

Given this, it seems to me there is no reason to doubt that the loss happened as Mr S reported and he has also provided evidence that he owned the tools claimed for. So I don't consider it was fair and reasonable for HDI to decline the claim on the basis that Mr S hadn't provided the additional sensitive information about who was working on site with him and the nature of the job they were working on. It follows that in order to treat Mr S fairly it should reassess his claim.

I can understand why Mr S was disappointed with HDI's initial settlement offer which included a deduction of 20% for wear and tear. This doesn't appear to have been mentioned to Mr S when he took out the policy and isn't referred to in the policy documents. As Mr S wasn't made aware of this limitation in his cover, I don't think such a deduction would be fair.

If Mr S doesn't think that any future claim settlement has been fairly reduced because he was underinsured, he may be able to bring a separate complaint about that but I hope that won't be necessary.

Putting things right

To put things right I think HDI should reassess the claim in line with the policy terms (but taking note of my comments regarding a deduction for wear and tear) and applicable limits. It should also add simple interest of 8% onto any settlement from the date of the claim to the date of settlement.

My final decision

I uphold this complaint and require HDI Global Specialty SE to put things right as set out above.

If HDI Global Specialty SE considers that it is required by HM Revenue & Customs to deduct income tax from any interest due to Mr S, it should tell him how much it's deducted and give him a certificate showing this if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 21 April 2026.

Elizabeth Grant
Ombudsman