

complaint

Mr M is unhappy that Legal & General Insurance Limited (L&G) won't pay his home insurance claim for theft of a number of valuable items and cash following a burglary at his home.

background

Mr M made a claim to L&G in January 2018 following a break in at an annex/cottage in the grounds of the insured home. His position was that he had moved out of the main home in March 2017 and had removed his contents from there to the annex in November 2017, where he now lived. He had business premises, a clinic in the grounds which were separately insured.

After investigation of the matter L&G decided it wouldn't pay the claim. This was because it hadn't been notified that Mr M had moved into the annex. It considered this to be separate from the main home and separately registered at the land registry. It also pointed out that the annex had a separate address and was separately rated. So as the items were stolen from premises which weren't covered under the policy L&G declined to pay the claim. Mr M had the land registry title amended and for the 2018 renewal the cottage/annex and a log cabin in the grounds were noted on the policy. Mr M also complained about the delay in dealing with the claim.

On referral to this service our investigator didn't uphold the complaint – she said that at the time of the theft the cottage/annex wasn't included in the policy or the land registry title. The fact that it is now included in the land registry title and then was noted on the policy didn't affect this as it wasn't done at the time of the claim.

Mr M didn't agree – he said the cottage/annex wasn't registered at any time with a separate title and that the separate address was one created by the local authority for the purpose of levying business rates for the clinic.

I issued a provisional decision. Having asked Mr M to mark the annex and log cabin on the land registry plan supplied by L&G, I said that Mr M had shown that the annex and log cabin were part of the title at the time the claim, and that L&G should reconsider the claim.

L&G said in the initial stages of this claim it was confirmed by Mr M that this building was part of his commercial enterprise, was separately numbered, rated as such and insured under a separate business risk policy and for which a claim was made for the damage to it and loss of business items/cash therein. His advices previously were that the annex/cottage was used as accommodation for visiting professionals. On his statement of facts (in applying for the policy) he confirms that no business whatsoever was carried out from the home and that it was not used for anything other than his permanent residence thus supporting this view. The land registry would not have charged business rates on a building if it did not warrant it.

Mr M did not agree that there was a separate land registry title on the annex/cottage but nevertheless, confirms he had this changed. It did not request sight of these title/deed changes at renewal 2018, when he approached his broker to specifically add this building to his portfolio policy, but accepted what it was told. L&G understands I have not seen them but have relied on Mr M's verbal submission in relation to the positioning of this annex. It thinks it would be imperative that it sees the deeds to clearly establish the position.

Mr M accepted my provisional findings.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

My provisional findings were as follows:

"The issue I have to decide is whether the annex/cottage (from where the items were stolen) was part of the property insured by L&G. Mr M didn't advise L&G when he moved into the cottage/annex. The policy covers theft of "Household goods and personal property that belong to You [the policyholder]"

The policy covers the home which is defined as "The private dwelling and its domestic outbuildings and garages at the address shown on Your Schedule."

And buildings are defined as: "Your Home, its fixtures and fittings and any other permanent structure within the boundary of Your Home."

It does appear to me that the policy covers the annex/cottage as it is part of the home according to the definitions in the policy. L&G asserts that its investigations show that the annex is separately registered at the land registry. It further says that after the claim Mr M reregistered the property with new boundaries.

We asked L&G for evidence of its assertions – it has shown us a land registry filed plan (before any reregistration) and an internet aerial image. I asked Mr M to identify where the buildings are on those documents. It appears that the main house, the annex/cottage and the log cabin are all within the boundaries of the main home according to the land registry plan. There is a separate building which Mr M has told us is the clinic. That, from the plan would appear to be outside the original boundaries of the home. I haven't seen any documentary evidence that the boundaries were changed to incorporate the annex/cottage.

L&G has pointed out that the clinic is shown as a different address on a rating bill and says the annex is part of that. As well as the fact that the annex is in a different location, Mr M tells us that that was created by the local authority so that it could separately charge business rates when the clinic was built. Since rates are only charged on business properties and as the clinic is a separate building I don't think that affects the matter.

I think that Mr M has adequately shown that the annex/cottage from which the theft took place are and have always been in the boundaries of the home and were therefore covered under the policy when the theft took place. The fact that L&G agreed to the buildings being noted on the policy at renewal reinforces this. I don't think that L&G has been able to show us that the annex was ever registered under a separate title. So I think it should reconsider Mr M's claim, subject to the remaining terms and conditions of the policy.

Mr M says that there were delays in processing his claim. It was obviously a complicated one involving having to obtain evidence concerning the title and was also complicated by the fact that part of the theft was of business items which should have been covered under the business policy. I don't think that there were inordinate delays in this case."

As I pointed out to L&G I haven't just relied on Mr M's verbal submissions about the positioning of the annex. As all I could see from L&G's investigations was a land registry plan, I asked Mr M to mark the annex and log cabin on the said plan. The buildings appear very clearly to be within the same boundary as the house so at the time of making the claim came within the definition of the home/buildings in the policy.

I don't think that Mr M's use of part of the premises for business is relevant to the consideration of the claim. L&G accepted the change to the policy without question, and any business items are insured separately.

I don't see that there is any need to see the updated "*deeds*". L&G could at any time have applied to the land registry for the entries on the title and filed plan. I don't know why Mr M re-registered the title, but as the disputed buildings appear to have been part of the title to the house at the time of the claim, I don't think it's relevant.

My provisional findings as set out above are now final and form part of this final decision.

my final decision

I propose to uphold the complaint and to require Legal & General Insurance Limited (L&G) to reconsider Mr M's claim subject to the remaining terms and conditions of the policy.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 11 March 2020.

Ray Lawley
ombudsman