

## **complaint**

This complaint is about UK Insurance Limited's (UKI's) handling of Miss B's claim on her household insurance policy, following a burglary at her home in January 2011.

## **background**

After Miss B's home was burgled she submitted a claim on her policy for damage to the building caused during the burglary and theft of items of contents. UKI initially arranged for its contractor to repair the damage and its loss adjuster visited to assess the claim for the stolen items.

Miss B raised issues about the contractor's workmanship and following investigation into the value of the contents at Miss B's home, UKI raised concerns about Miss B being underinsured.

The claim was settled in September 2012; however, the settlement was reduced because of underinsurance. Miss B complained about the handling of the claim and the length of time it had taken. She said she was asked to provide invoices for her items several times and felt that correspondence was ignored by the claim handler. Miss B was also unhappy that the loss adjuster visited the burglar in prison to discuss her claim, which she thought had put her security in her home at risk. She said that UKI should pay for additional security measures to be installed at her home.

Because of the way her claim had been handled, Miss B felt UKI had acted unfairly in reducing her claim settlement and that she had been heavily penalised for being underinsured.

UKI offered Miss B £250 in compensation for the problems she experienced with its contractor, but was not prepared to increase the settlement or make any contribution towards additional security.

Our adjudicator thought that the complaint should be partly upheld. She felt that there had been avoidable delays in UKI's handling of the claim and that it was inappropriate for UKI's loss adjuster to have visited the burglar in prison. Therefore, she recommended a further award of £200 compensation. She did not, however, feel that UKI had acted unfairly in reducing the claim settlement in line with the amount Miss B was underinsured and did not recommend an increase in the claim settlement itself.

Miss B disagreed.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I will deal first with the underinsurance. Miss B has not disagreed that she was underinsured but she feels it unfair that her settlement has been substantially reduced because of this and views it as a 'penalty'. When Miss B took out this insurance the application form asked for a figure '...adequate for your requirements to cover the FULL REPLACEMENT COSTS AS NEW of your home contents...' (original emphasis). The figure entered was £50,000. I think the question asked was clear.

The actual value of Miss B's contents was considerably higher than £50,000 and the way in which the claim was settled is in accordance with the policy terms and normal practice. There is no element of penalty about this – it is just a matter of reflecting the degree of underinsurance.

There are two other matters for me to decide. First, the delay in settling the claim and the way in which it was handled. And, whether UKI should pay for enhanced security at Miss B's house.

Gaps in the file make it difficult to establish why there was such a long delay in the claim being settled. UKI have attributed this to Miss B's delay in providing invoices; I am not convinced that the information on file actually supports this. UKI accepted that the contractor had not done a good job and offered £250 in compensation. The adjudicator recommended payment of another £200 to compensate Miss B for the poor claim handling by UKI. I agree that this is appropriate.

UKI's loss adjuster visited the burglar in prison twice. Presumably UKI had its reasons for requiring this but it strikes me as an unconventional move. Even if the business had some reservations about the claim the evidence of a convicted thief is hardly compelling testimony. I can certainly understand Miss B's concerns. But I do not think the burglar can have acquired any information he did not already have – after all he knew Miss B's name and address. I do not consider that the cost of enhanced security should be met by UKI.

### **my final decision**

For the reasons set out above, my final decision is that I uphold this complaint in part and require UK Insurance Limited to pay Miss B a further £200 in compensation, in addition to the £250 it offered previously.

Caroline Mitchell  
**ombudsman**