

complaint

Mrs R complains that Automobile Association Insurance Services Limited ("AA") gave her poor advice in 2005, which has led to her house being underinsured when she made a claim in 2012.

background

In 2005 Mrs R sought to reinsure her property through AA. She had had (through AA) unlimited buildings cover, but due to a change in underwriters she had to value her property. She says she was advised by AA to use an online rebuild calculator. She did so, and AA accepted the valuation and placed her policy with an underwriter. The sum was index linked and increased each year with the premium.

In November 2012 Mrs R's property was damaged by a flood. It was discovered that she was 48% underinsured. She only therefore received a proportion of the value of her claim.

Mrs R initially complained about the insurer, but it was found that it had not done anything wrong, relying on information provided to it by AA. Subsequently she complained that she had been wrongly advised by AA. Her complaint was referred to this service.

Our adjudicator upheld her complaint. She found that Mrs R had been advised to use the online calculator and had provided information to the best of her knowledge. She also found that in view of the size of the property and it being listed, the online calculator was probably not suitable and that Mrs R was not sufficiently advised by AA of this. AA felt it was not responsible as Mrs R had used a third party website to value her property and it was likely that she had not followed the directions or given it full information.

The matter has been referred to me for a final decision.

my findings

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

Mrs R entered the information in the online calculator in 2005. It is not now possible to retrieve that information or to find out exactly what questions were asked. However based on the way that AA operates, I think it is likely that she was advised to use that website in 2005 to find out the value of her property. I also think it is likely that she gave it as much accurate information as she could; she says that she used a measuring wheel to measure the size of the rooms in her property. I understand from our adjudicator's research that the website is unsuitable for properties with more than four bedrooms (Mrs R's has six) or for listed properties (which this property is). It does not really explain why the property was underinsured by as much as nearly 50%.

However given my finding that AA advised Mrs R to use the website and that she entered all the information as accurately as she could, I think it likely that she was given the wrong advice and, given the nature of her property, she should have been told to get a more accurate surveyor's valuation. I think the website was not appropriate in her case and that AA had enough information about her property to tell her whether or not she should have used it to get a rebuilding cost.

Overall therefore I do think that AA is responsible for Mrs R being underinsured and it should pay her the difference between the amount she was paid and what she would have been paid for her claim if she were fully insured.

my final decision

My final decision is that I uphold the complaint.

I direct Automobile Association Insurance Services Limited to pay to Mrs R the difference between the amount of her claim actually paid and the amount that she would have been paid had she not been underinsured. I further direct that it add interest to that amount at the rate of 8% per annum (less any tax legally deductible) from the date of the claim to the date of payment.

Ray Lawley
ombudsman