

complaint

Mr D complains that Stride Limited (Stride) mis-sold him household insurance.

background

Mr D arranged household insurance online through Stride. He made a claim for storm damage to an outbuilding. The insurer agreed to pay the claim but it said Mr D's property rebuild cover was too low. So it applied an underinsurance 'averaging' clause in his policy. Mr D received about £5,000 less than the estimated cost of repairing the damage. Mr D wants Stride to make up this shortfall.

Mr D first took out insurance through Stride in 2012. He used a tool on Stride's website to calculate the rebuild cost of his property. In 2013 Stride offered to renew the cover. It seems Mr D declined this. Instead, he went online and bought a new policy, through Stride, with the same insurer. He used the same rebuild cost as he did in 2012. This was £471,000. But when he made the claim the insurer said the total rebuild cost was about £710,000.

Mr D says the question Stride asked about the rebuild cost wasn't clear. He says he took reasonable care when using the estimating tool to answer it. Stride says Mr D selected the rebuild cost. It says its tool is just a guide and can't guarantee an accurate figure. It says the tool isn't suitable to use for his property and he should have realised this.

Mr D also complains he didn't understand the full consequence of being underinsured. He says it wasn't made clear on Stride's website or in his policy summary. If he'd been aware of it he would have taken advice and may well have provided a higher rebuild figure.

The adjudicator didn't think the complaint should be upheld. She thought Stride had asked Mr D a clear question about the buildings sum insured. She didn't think Mr D had taken reasonable care when using the tool and when providing the rebuild cost. Mr D disagrees so the complaint has been passed to me.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done this, I'm not upholding Mr D's complaint.

I think Stride explained its questions about the property rebuild cost clearly. And its estimate tool provided clear explanations. I don't think Mr D took reasonable care when using it and answering the rebuild question. And if he had taken reasonable care I think he would have understood the tool wasn't suitable for his property. So I don't think Stride did anything wrong.

Stride asked Mr D '*What is your buildings sum insured?*'. Mr D says this isn't a clear question. I haven't decided if it is. But a pop up explanation is provided alongside it. I think this provides a clear explanation of what information Stride were asking for. Also, having looked at the information Mr D has provided to this service, I think he understood what the question was asking.

I don't think Mr D took reasonable care when using the tool to answer the question. Mr D said his property has five bedrooms, but it has six. If he'd entered the correct number the

tool would have warned him '*Area is larger than the BCIS model*'. I think he would have understood from this that the tool wasn't appropriate for his property. And that he should use a different method to find an accurate rebuild cost.

Mr D says he didn't consider the sixth room as a bedroom. This was because it was small and only used for storage. The tool's information says '*if a room originally intended to be a bedroom has been converted into a study or playroom then it should be counted as a bedroom*.' I accept that it doesn't mention '*storage room*'. But I think Mr D should have understood from this that the sixth room had to be considered a bedroom. And I've listened to a recording of his description of the room. This convinces me even more that he should have counted it as a bedroom.

To find the explanation information Mr D had to hover the pointer over a "?" next to each question. I don't know if Mr D read any of this information. But I think it's fairly easy to notice and access. So I think if he'd any doubt about how to answer a question he should have read it.

It wasn't just the number of bedrooms he entered incorrectly. He said the property has less rooms overall than it does. He also gave too low a number of bathrooms. I haven't gone into detail about these, as the same applies as for the bedrooms. I think he should have read the explanation information. All this further convinces me that he didn't take reasonable care.

Mr D says, even if he entered a higher total number of rooms and bathrooms, the tool still gives too low a rebuild estimate. This may be correct but the tool isn't suitable for his property. And if he'd taken reasonable care to answer the bedroom question he would have understood this.

Mr D says he wasn't made aware of the implications of him being underinsured. But this service doesn't consider an underinsurance 'averaging' clause to be an unusual term. And we don't think it would be of significance to most consumers. This is because the vast majority will have a high enough level of cover. So we don't expect businesses to highlight it to consumers.

Overall I don't think Mr D lost out because of anything Stride did wrong. So I'm not upholding his complaint.

my final decision

For the reasons given above, I'm not upholding Mr D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 16 October 2015.

Daniel Martin
ombudsman