

complaint

Mr S is unhappy about the lack of advice he received from his broker, The Alan Stevenson Partnership Ltd (ASP), when he arranged insurance. He complains that the broker didn't ask about the size of the property and left him underinsured.

background

A fire damaged Mr S's property but the loss adjuster said he wasn't fully insured. The insurer applied an 'average clause' to the claim resulting in a reduced settlement.

Mr S said the shortfall was ASP's fault as it failed to ask him, or find out about the size of his property. He said he thought he was being asked for the market value and should have been advised to seek professional advice about the rebuild costs.

ASP said it isn't qualified to advise on rebuilding costs and doesn't value buildings. ASP's employee said she asked Mr S what the building was insured for, and if this was the correct cost for rebuilding. She said he gave her the rebuilding cost and confirmed he was aware the sum insured wasn't the market value. ASP said Mr S's previous insurer also made it clear to him that his cover was for 'the rebuild value of your property'.

The adjudicator said that the policy wording is clear and he thought Mr S was aware that the sum insured should be the rebuild cost. He said the property was previously insured at the same amount and it appeared that Mr S had decided to continue.

Mr S disagreed, saying that ASP's employee hadn't explained that the sum insured should reflect the cost of rebuilding. He said it was only within the terms and conditions of his policy that rebuilding was mentioned, and this was a month after he took out the insurance. He sent in advice from a friend about ASP's responsibility in its dealings with him.

my findings

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

When ASP arranged Mr S's insurance they needed to give him suitable advice. This meant that they should tell him that the sum insured is based on the rebuild cost, but they didn't need to do more than this. ASP doesn't offer to value property and isn't qualified to do so.

Mr S said ASP didn't mention the rebuild cost, but ASP's employee said she did and Mr S didn't query this. She said Mr S decided to continue insuring the property for the same sum as his previous insurance. ASP said its employees ask about rebuild costs as standard practice, and I think this is likely given the importance of getting the sum insured right. I haven't seen anything to suggest there was a discussion about the market value of the property. On balance, I accept ASP's employee's recollection of their conversation about the cost of rebuilding. In the circumstances, I don't think ASP had to suggest to Mr S that he get professional advice as he didn't query the sum insured.

Mr S said that ASP has included a warning within its latest renewal documents about the cost of rebuilding, which has come too late for him. I have looked carefully at the wording of the policy documents provided to Mr S. The quotation says under the heading 'How much

we will pay', '*we will not pay more than the amount insured in total for the cost of rebuilding...*', and goes on to provide more information about rebuilding.

From the conversation with ASP's employee and the documents, I think Mr S ought reasonably to have been aware that the sum insured related to the cost of rebuilding his property. As I haven't seen anything to suggest that he queried this, I think he made his own decision to continue with the same amount as his previous policy. I agree with the adjudicator that there was no reason for ASP's employee to make further mention of the rebuild cost as she felt he was content with the amount of cover provided.

my final decision

It is my final decision that the complaint is not upheld.

Andrew Fraser
ombudsman