

complaint

Mrs T has complained she has been underinsured on the buildings insurance policy arranged by One Call Insurance Services Limited (One Call) – an insurance broker. She says she has lost out on a recent claim because of this.

background

Mrs T first arranged her buildings policy in 2013. This was renewed by One Call every year since, with the underwriter changing each time.

Mrs T recently made a claim on her buildings insurance and was told the rebuild amount on her policy was too low meaning she was underinsured by 18%. The amount paid by the underwriter to settle her claim was reduced by 18%. She complained to One Call about this. One Call said it hadn't done anything wrong and it was up to Mrs T to make sure the amount declared as the rebuild cost was correct.

Our investigator looked into the complaint and noted that the previous two years' policies had levels of building cover far in excess of what Mrs T needed. And when the underwriter was changed this year, the level of cover was dropped to that which Mrs T had given three years previously, when she first took a policy with One Call. He thought that this change in cover should've been highlighted to Mrs T and it wasn't. So he said One Call should pay the amount she had lost on her recent claim by being underinsured. And he thought One Call should pay £200 for the distress and inconvenience this matter has caused.

One Call didn't respond to our investigator so it was passed to me as an ombudsman to issue a final decision. I contacted One Call and confirmed that as things stood, I agreed with our investigator for the same reasons. I asked One Call if it had anything further to add before I issued my final decision. It didn't respond.

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 looked at the paperwork provided to Mrs T when the insurance was renewed, I don't think it was clearly brought to her attention that the level of rebuild cover had reduced back to that which she had provided three years ago. I think that One Call should've done more to highlight this so that Mrs T could've checked if the amount was still right. One Call hasn't provided anything to dispute this. So I think this is the reason Mrs T has found herself underinsured. Had this been made sufficiently clear to her, I think it's likely she would've checked and increased the amount of the rebuild cover to appropriate levels.

Mrs T has provided evidence that she has lost £1,658.40 by being underinsured. I think that finding out she was underinsured and then having to pay the above amount, which she thought would've been covered by her insurance, has caused upset and inconvenience to Mrs T.

my final decision

My final decision is that One Call Insurance Services Limited should pay Mrs T £1,658.40 for the amount she lost as a result of being underinsured. It should add 8% per annum interest from the date the claim was settled to the date it makes payment to her. It should also pay her £200 for the upset and inconvenience this matter has caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 28 November 2016.

Rob Deadman
ombudsman