

complaint

Mr and Mrs F complain that Cia Insurance Ltd (Cia) didn't give them enough information about the rebuilding cost of their property, which has meant a recent claim has only been partly met.

background

Cia is an insurance broker. That means it sells insurance policies – rather than actually underwriting the policies it sells. Mr and Mrs F have been insuring several tenanted properties through Cia for more than ten years.

In 2018 they made a claim when one of the properties was damaged and were disappointed to find out that the property was substantially under insured – so they only received 41% of the cost of repairs. That's because the insurance was based on a rebuild figure of about £53,000, when in fact this should have been about £125,000.

Mr and Mrs F complained to Cia, which said it had taken the value provided by Mr and Mrs F when they first bought the insurance, and had index-linked this in later renewals (which means it increased over the years in line with general price increases). Cia said it relied on Mr and Mrs F providing an accurate figure as it wasn't an expert on property rebuilding costs – and it also made it clear in the renewal documentation that this was an important number that Mr and Mrs F should check.

Mr and Mrs F weren't happy about that and brought their complaint to us. Our investigator thought Cia had done enough to draw Mr and Mrs F's attention to the need for them to check the rebuild value, and how they might do that.

Mr and Mrs F don't agree, so I've been asked to decide this complaint. In particular they say Cia should have been telling them about the need to check the re-build value each time they discussed renewing the policy.

my findings

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

This complaint is about whether Mr and Mrs F were given enough information about adequately insuring their property. There seems to be some confusion about whether Cia recommended a particular policy to Mr and Mrs F. I think, from the paperwork I've seen, it did recommend this policy. That means it had to check that it met Mr and Mrs F's needs. But this complaint isn't about the policy itself – it's about the information Mr and Mrs F provided about the cost to rebuild the house.

I note that Mr and Mrs F insure a number of properties. They may not be experienced at insurance or valuation matters. But I do take account of the fact that letting properties is something they have done for a long time, so I'd expect them to know about insuring them adequately. Mr and Mrs F have had this particular property insured through the same broker for many years, but has not sought to change the rebuild value for at least ten years.

Mr and Mrs F say Cia didn't tell them how important getting the rebuild figure right was – and never explained how they might check the rebuild value for themselves. Cia says it relied on

what Mr and Mrs F said about this when they first bought the policy, as it isn't expert in rebuilding values. I think that's a fair thing to do. Building costs vary substantially around the country and I wouldn't expect Cia to know whether a particular figure was appropriate. It is, however, important that it tells Mr and Mrs F to check any information they've provided and how, if that's appropriate.

I think it was important for Cia to draw Mr and Mrs F's attention to the significance of getting this figure right. I don't think that necessarily means it *has* to be in a phone call, if there are other ways of doing this. Cia it says it made it clear in all the renewals it sent out over the years how Mr and Mrs F could check the building sum insured for themselves.

I have looked at the renewal documents from 2013-2014 onwards. Each year Cia sent documents that included a section titled "How we have met your requirements". Almost immediately below that is an "Important Notification" contained within a box, which I think draws attention to the information it contains. The section is all about how important it is to ensure the building is adequately insured – and how to check this if Mr and Mrs F are unsure. It also warns that if the property is underinsured any claim might only be paid out on a pro-rata basis. The section goes on to suggest Mr and Mrs F refer to the "Building Cost Information Service (BCIS) website (or a recent survey) to check the rebuild value.

I think that Cia did enough to alert Mr and Mrs F to the need to get this figure right.

I think it's reasonable to expect Mr and Mrs F to read these documents when they got them, and query any figures they thought might need amending. Mr F told our investigator he didn't read the renewal documents – but I can't hold Cia responsible for that.

I appreciate this won't be what Mr and Mrs F want to hear, but taking everything into consideration I don't think Cia has done much wrong.

Mr F recently mentioned a later conversation he had with Cia about a different policy. I haven't taken that into account, as this decision is only about this particular complaint.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs F to accept or reject my decision before 6 June 2020.

Sue Peters
ombudsman