

## **complaint**

Mrs N is unhappy as Legal & General Insurance Limited (L&G) has voided her home insurance policy and subsequently her claim for items stolen from her home has not been covered. L&G has voided the policy and returned the premiums on the basis that Mrs N has substantially underinsured her contents.

## **background**

Mrs N made a claim to L&G for items stolen from her home and damage to the doors and other items in November 2011. Whilst investigating the claim, L&G found that the value of Mrs N's contents would be £130,000. However Mrs N's sum insured was £40,000. L&G advised that had the true value at risk been disclosed, it would not have offered Mrs N cover.

Our adjudicator did not uphold this complaint, concluding that Mrs N was asked a clear question regarding the full value of contents in the home when taking out her policy. In addition, she was satisfied that L&G had shown that its position had been prejudiced and that it would not have offered cover had it been aware of the true value of the contents.

Mrs N did not accept these findings and argued that many of the items in the home belonged to her daughter and were there on a temporary basis after being removed from a safe deposit box. Mrs N also provided information to show that her daughter had held such a box containing jewellery. Her daughter has also disputed the valuation of the contents stolen or in the house at the time of the burglary.

Our adjudicator advised Mrs N that this did not change her opinion and commented that the information provided did not state the value of jewellery in the safe deposit box or that these items were placed in Mrs N's home at the time of the burglary.

## **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 N's daughter has said that:

- Mrs N disputes the value of the items stolen and the value of the remaining contents
- At the time of taking out the policy her own jewellery was not there – it was only temporarily in the house at the time of the burglary.

When the claim was first made Mrs N and her daughter were interviewed by the loss adjuster. He found them both to be polite and co-operative. He went through the claim with them both and a detailed list of the items stolen was drawn up which Mrs N signed, together with a checklist of the remaining contents. The total value said to be at risk was £130,000. I understand that Mrs N disputes this value as she says that the contents could not be sold for anything like that amount. However, bearing in mind that this was replacement value (i.e. new for old), and that the list of items stolen (mostly jewellery and other valuables) was gone into in detail, I have not seen evidence to dispute the overall amount. I also do think that at the time Mrs N intended to claim for the full value of the items lost or damaged (about £45,000). At that interview they did not mention her daughter's jewellery. In fact it was not mentioned until the complaint was reviewed by the adjudicator in December 2012.

Mrs N has said that much of the jewellery belonged to her daughter and was only in the home for a short time. She has said that she never intended to claim for her daughter's belongings and that these were not present when the policy was taken out. I have seen a receipt and a letter from a bank confirming that Ms N's daughter held a deed box containing jewellery from June 2009. However it does not show when the jewellery was removed. The policy was renewed in April 2011 and I have not seen any evidence to persuade me that the total amount claimed for was not there at the time.

Mrs N's policy has been voided for non-disclosure of the total amount of the contents at risk. In non-disclosure cases our approach is that consumers are expected to take reasonable care in answering questions at the time of taking out the policy. On renewal, which is a new contract, we expect consumers again to take reasonable care in confirming any up to date information. In assessing this we look at the questions asked, to see if they are clear and unambiguous. We also take account of any documentation issued, particularly on renewal, and the type of policy. For an insurer to void a policy it is a serious step to take, particularly in the case of underinsurance.

The renewal documents issued in March 2011 include a statement of fact which says on page 1:

*"Please check this information carefully and call us immediately if anything is untrue or incomplete so we may send you new documents."*

Under Contents it was stated:

*"The full cost of replacing the contents of the property does not exceed £40,000."*

I have seen the statement of the mortgage consultant who set up the policy in 2010 that this was the figure given to him.

I think the documents are clear and set out what is required. I think it likely that Mrs N's daughter's jewellery was in the property at the time of the renewal of the policy. I am also persuaded that she intended for the entire amount taken to be included in the claim. I appreciate that she now does not want to include that and seeks a proportionate settlement.

I think that Mrs N's answers and her confirmation of them at the renewal was careless. In such cases I need to be persuaded that L&G would not have offered a policy at all and that it was 'induced' or persuaded into offering the policy on the basis of the information.

To this end the adjudicator obtained from L&G details of its underwriting guidelines, which say it would not accept cover for contents valued over £100,000 or with excessive quantities of jewellery and other valuables. As the full value of the contents was assessed at £130,000 and the bulk of the claim was for jewellery I am persuaded that L&G would not have offered a policy, had it known the full circumstances.

This unfortunately means that I think L&G acted reasonably in voiding the policy back to its start date and in declining to pay any of the claim. I appreciate that a part of the claim relates to the building which was not underinsured. However it is the overall risk that L&G would not have accepted, thus it would not offer a buildings policy where the value of the contents is substantially above its guideline rate.

**my final decision**

My final decision is that I do not uphold this complaint. I make no award.

Ray Lawley  
**ombudsman**