

complaint

Mr and Mrs C complain that Legal & General Insurance Limited ("L&G") won't pay under their home insurance to replace their son's bike which was stolen.

background

Mr and Mrs C contacted L&G to claim for their son's bike after it was stolen. At first L&G said it was covered, but quickly changed its mind.

L&G first told Mr and Mrs C that they weren't covered for the theft of pedal cycles left outside unless the bike was securely locked to something within the boundaries of their home. But the bike had been locked to a railing which was shared, so L&G said that wasn't within the boundaries of their home. Then L&G wrote to Mr and Mrs C again, to say that the reason the claim couldn't be paid was because bikes weren't covered outside unless they were specially mentioned on the policy. L&G didn't send us any more information on the claim.

Our adjudicator initially upheld this complaint because L&G hadn't explained why it shouldn't pay. And she thought it was very confusing for Mr and Mrs C that L&G had changed its mind about whether the bike was covered, and why. She thought it should pay Mr and Mrs C £50 in compensation to say sorry for that.

L&G then sent us the file. And it said that there was no cover for bikes. They weren't covered under home contents, and were only covered under personal possessions if Mr and Mrs C had told L&G about the bike. They hadn't done that. But L&G agreed that it had made mistakes in trying to explain to Mr and Mrs C why they weren't covered. So L&G agreed it should pay £50 in compensation.

Our adjudicator then looked again at the complaint, and said L&G were right, Mr and Mrs C weren't covered for the bike. She thought £50 was enough compensation.

Mr and Mrs C said that £50 wasn't enough. They'd felt they had to cancel their other policies with L&G too, because they didn't think L&G could be trusted, and this meant they could be worse off in future. Because Mr and Mrs C didn't agree with our adjudicator, the case was passed to me to make a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I've reached the same conclusion as our adjudicator, and for the same reasons.

I realise that L&G has given different reasons for why Mr and Mrs C are, or aren't, covered under the policy. I'll set out my view here, so Mr and Mrs C can be clear.

The contents section of Mr and Mrs C's insurance policy states that bikes aren't covered. There is optional cover under the policy for personal possessions in and away from the home. But L&G said that Mr and Mrs C didn't have cover for pedal cycles under this section. Their policy schedule will show this as "not selected". So I think it was clear that they didn't have cover for bikes under this part of the policy.

Mr and Mrs C said they took the policy out before they bought the bike, so they can't see how they could've mentioned the bike at the time. But they could've rung L&G at any time to add the bike to the policy. I wouldn't expect L&G to provide cover under this policy for the bike otherwise.

Mr and Mrs C also said that L&G had shown it couldn't be relied on, and they'd had to move their other policies to different insurers. That meant they could end up worse off. I realise that Mr and Mrs C have been disappointed in how L&G has handled this claim, but any decision to cancel this or other policies is a decision for them. I don't think it's fair to ask L&G to pay extra compensation because of that.

I agree with our adjudicator that £50 is the right amount of compensation for the initial confusion over this complaint. I don't think L&G has to pay more than that.

my final decision

My final decision is that Legal & General Insurance Limited must pay Mr and Mrs C £50 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs C to accept or reject my decision before 11 April 2016.

Esther Absalom-Gough
ombudsman