

complaint

HT, a limited company, complains that Affinity Brokers Limited (Affinity) is responsible for it being underinsured. It'd like Affinity to pay the shortfall for its claim.

background

HT arranged its buildings and contents insurance through Affinity. At renewal in 2015 this included buildings cover up to £109,272.

HT's property was damaged by a storm in December 2015 and so it made a claim. This included work costing around £8000 under its buildings cover. Unfortunately, when the loss adjuster visited the property, she found HT was underinsured - assessing the rebuild cost at £203,713. Because of this, HT's insurer said it would only pay a proportion of the claim.

HT says it didn't know the figure it provided for buildings cover would need to meet the re-build cost and had provided the sale value which was lower. HT thinks Affinity should've made this clearer and done more to ensure it had sufficient cover.

The investigator found that Affinity had provided HT with enough information to allow it to understand what level of buildings cover it needed.

HT didn't agree and so the complaint has been passed to me.

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 agree with the investigator and will set out why below.

To be clear, I've only looked at whether Affinity has done anything wrong in terms of the sale of this policy. Any concerns HT may have about the claim itself (rebuild valuation or decision not to pay the full claim) should be raised with the insurance provider separately.

HT gave the sale valuation rather than the rebuild cost when setting its buildings cover. This is an understandable mistake and seems to have been done innocently. So, I've focused on whether I think Affinity should've done more to make this distinction clear.

HT says it relied on its conversations with Affinity at renewal rather than any documentation. Unfortunately what was said at the time is now in dispute and there's no record of the conversations.

In August 2014 Affinity sent HT a letter warning it about the risks of being underinsured. This included factsheets which were clear. These explained the buildings cover needed to be enough for the cost of rebuilding a property. The factsheets also highlighted the possible consequences of being underinsured – including the steps the insurer has taken in this case.

Affinity doesn't have a responsibility to approve or advise on the figures provided by its customers. It does need to ask clear questions and give clear information to allow its customers to answer correctly. Because of its letter and factsheets sent in August 2014, I

think Affinity had given HT enough information before it renewed its policy in 2015. So I don't think it'd be fair for Affinity to make up the shortfall in HT's claim.

HT has added that Affinity shouldn't have said it could start the work if there was doubt over whether the claim would be paid in full. I think Affinity was clear that the approval to start work was on a "without prejudice" basis – so they weren't committing the insurer to paying out the full amount. Affinity was simply passing on the message from the insurer and didn't know at the time that there might be a problem with the value of buildings cover in place.

my final decision

For the reasons explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask HT to accept or reject my decision before 19 September 2016.

Stephanie Mitchell
ombudsman