

complaint

Mr P complains that his claim for loss following a burglary under his home insurance was declined and his policy voided (treated as if it had never existed) by Acromas Insurance Company Limited.

background

In 2013 Mr P took out a home policy with Acromas. The policy was renewed and then in 2015 Mr P suffered a burglary. All his wife's jewellery and a number of watches owned by him were stolen. When investigating the claim, Acromas discovered that Mr P was selling watches over the internet. It said he was running a business from home and that he'd failed to declare it when taking out the policy or on renewal. It declined the claim and voided his policy.

On referral to this service our adjudicator upheld Mr P's complaint. He accepted Mr P's view of the matter, that he didn't think he was running a business from home. He kept the stock in a locked detached garage and did his business over the internet. Acromas also said he had a business registered to his address although he said it didn't trade. Our adjudicator also didn't think, under the wording in the renewal notices that he was obliged to disclose this.

The matter has been referred to me for a 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.

Mr P says he only started selling watches through the internet from 2014. As I have no evidence to show otherwise, I accept that he didn't need to disclose the business when he took out the policy. The renewal notice says the policyholder must notify Acromas "*if you...registered your home as a business address or use your home in any part for business, trade or a profession, unless it is just for clerical work and no clients or customers visit, which you have not previously advised us of.*"

I note Mr P's explanation, that he didn't think he was running a business from home as he did his sales over the internet and kept his stock in a locked detached garage. As Acromas has pointed out, the garage would be regarded as part of the home. Technically he was running a business from home. But it's clear that Acromas was willing to cover some businesses without being informed of it, namely businesses that involved only clerical work where no customers visit. I take clerical work to be administrative work, like printing invoices, keeping records. It could also involve just putting watches in envelopes.

I think the wording in the renewal terms is vague enough to cover the sort of business Mr P was carrying out. Acromas has pointed out also that he has a business registered to his address. But I haven't been shown any evidence that suggests that a "dormant" business which doesn't trade is something Acromas wouldn't offer a policy for. I think that the clerical work only/no customers visiting exception also applies to the registering of a business.

So overall I think that Acromas should reinstate the policy and settle Mr P's claim. If it makes any cash settlement it should pay interest. I take into account that Mr P has now had his loss outstanding for some time. He has raised the point that he had to buy a new policy. If the

premiums are higher than he was paying to Acromas, then it should refund any difference. Also if by reinstating he will have duplicate insurance then it should again refund any difference in premiums. This is up until any renewal due in 2016.

my final decision

I direct Acromas Insurance Company Limited to:

- reinstate Mr P's policy and remove any record of its voidance
- settle Mr P's claim for theft, subject to the remaining terms and conditions of the policy
- if it pays a cash settlement Acromas Insurance Company Limited must also pay interest* on this amount at the simple rate of 8% per year from the date Mr P made his claim to the date it makes the payment.
- if Mr P has had to pay more to insure his property than he would have had his insurance not been voided, Acromas should refund any excess premium. If as a result of reinstating the policy, Mr P has to pay for duplicate insurance Acromas should also refund any excess premium. This is up until the 2016 renewal. Acromas must also pay interest* on this amount at the simple rate of 8% per year from the date Mr P paid the premiums to the date it makes the payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Acromas Insurance Company Limited to accept or reject my decision before 19 February 2016.

Ray Lawley
ombudsman

*HM Revenue and Customs requires Acromas insurance Company Limited to take off tax from this interest. Acromas must give a certificate showing how much tax it's taken off it if Mr P asks for one.