

complaint

Mr L has complained about Hiscox Underwriting Limited's decision to decline his contents claim.

background

Mr L made a claim to Hiscox under the contents cover of his home insurance policy. The claim related to the contents of Mr L's property in France, which had been in storage following the sale of that property. Whilst in storage, all of Mr L's belongings were lost in a fire, which destroyed the warehouse in which they were stored.

Hiscox declined to offer cover for this claim because it said the lost items did not form part of the contents of the risk address attached to Mr L's home insurance policy.

Mr L made a complaint to Hiscox as he said he understood that the items were covered by the policy and, if they were not, the wording of the Hiscox policy was misleading.

Hiscox investigated Mr L's complaint and its final response stated that the claim would still be declined on the basis that the items in question were not covered under the terms of the policy. Hiscox relied on the fact that the cover offered by Mr L's policy related to the contents of the risk address attached to the property (his UK home) and that, following the sale of the property in France, Hiscox was not approached by Mr L to offer cover for the contents of that property; in the event, they would have declined to offer such cover.

Hiscox pointed out that a risk survey had been carried out at Mr L's home in early 2006 to assess the level of cover required (such assessment being subject to indexation on subsequent renewals). If this assessment was correct, the cover on Mr L's policy would be insufficient to include the items (worth up to £50,000) lost in the fire in France.

In relation to the policy wording, Hiscox pointed out that Mr L had previously (in 2005 via his broker) advised Hiscox that some of his belongings were in storage in the UK whilst he was moving house. This being the case, Hiscox did not agree that the policy was confusing and said that Mr L was aware that a change in circumstance, such as property being in storage, should be disclosed to Hiscox as he had done before.

Mr L was not satisfied with Hiscox's response and so he brought his complaint to this service. Our adjudicator investigated the complaint but an agreement could not be reached and so this case has been passed to me for my consideration.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

The issue for me to decide is whether Hiscox's decision to decline Mr L's claim is fair and reasonable. In order to do so, the question I must consider is two fold: (i) whether or not Mr L's contents claim is covered under the terms of his insurance policy with Hiscox such that his claim should not have been declined; and, if there is no cover under (i), (ii) whether or not the policy was misleading such that it was reasonable for Mr L to think that it afforded him this cover.

I have reviewed the policy documents and I note that this is a home insurance policy which, like all home insurance policies, is tied to a particular “risk address”. Looking at the policy in question and specifically the definition of “home”, this is defined as “the house or flat at the address shown in the schedule” – which is Mr L’s home in the United Kingdom. This is entirely normal for an insurance policy protecting a building and its contents. Therefore, in order to be covered by the policy, the property that Mr L is claiming for needs to be linked to his home in the UK.

I am not satisfied that the items in storage in France, which formed the contents of Mr L’s second home, can reasonably be deemed to relate to or form part of the contents at the risk address, his UK home. The items were used to furnish and facilitate the use of the property in France and so were neither used, maintained nor kept at the UK property.

I note that Hiscox undertook a risk survey at Mr L’s UK address, in order to check that he was correctly and adequately insured. Based on this survey, I accept that Mr L would be significantly underinsured to cover the loss of the items at the warehouse in France. I have considered Mr L’s comments that he has sought to reduce his contents cover by £50,000 as these items always formed part of his risk address insurance cover. However, I am not persuaded that the risk survey at Mr L’s UK home would have taken account of contents items that were housed in a different property on a permanent basis. As such, I am satisfied that the policy did not provide cover for the items that Mr L owned that furnished and were kept at his French property.

I cannot ignore that Hiscox has stated that had it been asked to provide cover for the items in a storage warehouse in France, it would have declined. This is not an unreasonable position and, given that, I consider it unlikely that this Hiscox policy ever intended to offer such cover.

Therefore, on the strict wording of the policy and the cover it affords Mr L, I am not satisfied that the Hiscox policy offers any cover for the items that are the subject of his claim.

The secondary question, therefore, is whether the policy wording unreasonably led Mr L to believe that the items in question were covered under this policy. In relation to the definition of “home” set out above, I consider that it is clear from this definition that when the policy sets out cover for contents and possessions, it seeks only to include contents and possessions relating to *that* home. I do not consider it an everyday meaning of home contents to include personal possessions or contents that are kept in another, completely unconnected property

I understand that Mr L has commented, in particular, on the wording which states that his contents are covered “wherever they are in the world”. I am not persuaded that it is a reasonable interpretation of this cover – or that wording - that the policy will cover all or any of the contents of a second home abroad. It is intended to mean that contents and possessions at the risk address – the UK home here – are covered should the policyholder take them abroad. In particular, this seeks to cover the kind of items that someone would regularly take overseas on holiday, for example, jewellery, clothes or electronic devices.

Therefore, although the “key facts” document relating to this policy cites “cover for your possessions wherever they are in the world”, I am satisfied that this wording is clear and not misleading. The cover relates to those possessions already covered by the insurance policy- that is, those that are related to the risk address. I also note that in the same key facts

document, cover for an overseas holiday home is listed as additional cover, available at an additional cost - cover that Mr L did not arrange as part of this policy.

I have considered the comments from Hiscox that Mr L had previously taken out a second home insurance policy (with another provider) for his property in France, which offered contents cover. Hiscox suggests that this means he understood that the belongings at his home in France, and subsequently in storage, were not covered on the Hiscox policy.

Mr L states that the contents cover formed part of a buildings policy he had taken out. However, he agrees that had the items in question been damaged whilst they were still in the property, rather than in the storage warehouse, he would have claimed under that additional buildings and contents insurance policy. Regrettably, given Mr L's subsequent loss due to the warehouse fire, it was not a reasonable assumption that once the policy specifically covering the French property was no longer in effect, the relevant items would automatically be covered by the Hiscox policy for his home in the UK.

Hiscox has pointed out that Mr L had previously made it aware, via his broker, that he had placed some of the contents of his UK home in a warehouse when he was moving house. This would indicate that Mr L was aware of the need to inform Hiscox of any changes to his circumstances that materially affected the risk associated with his possessions and covered by its policy. The fact that Mr L did not inform Hiscox of the fact that the items from his French property had been placed in a storage facility could indicate that he was aware that the items would not be considered to be contents of his UK address.

I am in no doubt that Mr L and his family have been caused considerable distress due to the total loss of their belongings at the storage warehouse. However, this is not a loss that is covered by the insurance policy with Hiscox. Given my findings set out above, I cannot conclude that Hiscox's response to Mr L's claim was either unfair or unreasonable.

my final decision

For the reasons given above, I do not uphold this complaint. I make no award against Hiscox Underwriting Limited.

Helene Pantelli
ombudsman