

complaint

Mr B has complained that Covea Insurance plc has tried to get out of settling his claim, made on his home insurance policy, and that the settlement it did eventually make unfairly ignored some items.

background

Mr B has more than one house. His daughter lives in house A. Mr B sees house A as his main residence but also lives some of the time in house B, as well as travelling for work. House A was two weeks from its sale being completed when it was broken into. Covea started looking into the claim but was unhappy when it found out about the living arrangements. Eventually it made a settlement for things that were stolen but said it wouldn't cover Mr B's daughter's losses. Covea didn't think she fell within the policy definition of family "living with you" so:

"her belongings fall outside of the scope of our policy cover. Had we been aware of these circumstances when the policy was [taken out] we would have accepted cover in respect of the building but not for the occupier's contents. While...she is a family member she is not family living with you and would need to arrange her own insurance".

It said it could have done things quicker at times though so it was sending Mr B £300 compensation.

Mr B felt this was unfair and complained to this service. He said there were nine items still in dispute, including CDs, a crystal vase, a camera and VCR. Covea said that, who these items belonged to aside, the high risk limit on the policy had been reached. It said the vase was a collectible so caught by the limit and audio visual and photographic equipment was too. It said the CDs weren't. It also said its loss adjuster had overpaid the claim by making some duplicated payments and also paying some things above the high risk limit. It said it had also told its loss adjuster to settle the items on a strict proof basis only – no receipt to show ownership, no settlement.

I issued a provisional decision. Both parties considered my provisional findings but neither had anything to add. Therefore I've summarised my findings on this complaint below which haven't materially changed from those provisionally issued.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

what Covea would have done

If someone takes out a policy and doesn't take reasonable care to answer the questions the insurer asks correctly then this may cause problems for them later. However, Covea hasn't shown me that a clear question was asked of Mr B or that he failed to take reasonable care in answering it. Or that he gave an incorrect answer. While Covea has shown me what it would do in the event of a property being let to a family member; its actions haven't followed that. The settlement it made for Mr B's contents items means, it's lost the chance to rely on that argument for restricting the settlement it's made.

family living with you

In settling for Mr B's contents Covea has accepted that this is Mr B's main residence. So Covea can't now argue the opposite. If a house is your main residence it follows that anyone else living there is "*living with you*". Even if the people don't spend 100% of their time at the property. So Mr B's daughter's belongings can't fairly, for me, be excluded from cover here.

high risk items

The policy defines high risk items as (my numbering):

- 1) Jewellery, watches or furs.
- 2) Clocks.
- 3) Curios, objets d'art, sculptures, drawings, pictures or paintings.
- 4) Portable musical instruments.
- 5) Articles made of gold, silver, precious metals or precious stones.
- 6) Any collections of stamps, coins, medals or banknotes.
- 7) Any collection of CDs, DVDs and pre-recorded tapes.

So audio visual and photographic equipment don't fall into the definition of high risk, so aren't caught by the limit. While a vase might be a *collectible*, as suggested by Covea, I've not seen that Mr B's vase was part of a *collection*, and this wording refers to collections of stamps, money and the like anyway, as opposed to ornamentals. CD's are, unusually, on the list. But Covea has said they aren't caught by the limit. I'm not sure why Covea has said the things it has about the limit. But this also means I'm not sure whether the settlement it has made so far is actually in line with the policy wording in place.

Further Covea knows that this service expects any unusual policy wording that significantly limits the cover to be highlighted. Here it is the width of Covea's definition that is unusual. And, as a result, the amount of cover it, effectively, takes away from Mr B is significant. Essentially Covea seems to want to view most things that can be picked up and walked off with as high risk. Its definition goes well beyond most other policies on the market so it's unusual. I think if it had been drawn to Mr B's attention he'd have been concerned and likely have sourced other cover. Because it's unusual and hasn't been drawn to Mr B's attention, Covea can't reasonably rely on it in settlement of this claim. I think it can apply the limit to anything in its definition that usually appears in other policies though, as Mr B would likely have always had these restrictions whatever cover he took.

So that everyone is clear about what Covea can and can't consider to be high risk items in this claim, I'll explain my view on each of its definitions. Numbers 1, 5 and 6 are fine. They usually appear as part of high risk definitions. The limit can be applied to any of Mr B's, or his daughter's belongings falling into these categories. Numbers 2, 4 and 7 aren't usually defined as high risk items so Covea can't apply the limit to any of the claimed belongings that fall into these categories. Number 3 is a bit more difficult. Most high risk definitions include 'works of art' but wouldn't usually stretch to any and all pictures and paintings owned by a policyholder. I'm aware that Covea has settled for some paintings that were sold through or, at one time, owned by a gallery. I think these, reasonably, can be considered to be high risk items and the policy limit can apply to them.

summary

It's my view then that Covea has to offer cover for all belongings whether they belonged to Mr B or his daughter. While Mr B felt there were only a few items in dispute my investigations have shown that Covea hasn't necessarily provided a fair and reasonable settlement overall.

Covea has argued that it's paid £682 more to Mr B than he's entitled to but I can't say that's the case because, as explained above, Covea's basis for settlement is flawed. While Covea has mentioned settling on the basis of 'strict proof' it hasn't done this. And Covea knows this service won't usually find it fair for an insurer to do this. I've seen no good reason to let Covea do this here. So I think, fairly and reasonably, Covea has to review its whole settlement, taking into account my comments. It can then tell Mr B what the whole settlement should have been and for what. It can take into account the payments it has previously made to Mr B but will have to pay him any amount fairly due above that figure, plus interest.

compensation

I think Covea hasn't handled this claim well at times. Mr B has had the inconvenience of challenging Covea about this claim but, due to the sale of the house not many items were stolen. So I don't think Covea's errors and delays have caused Mr B as much upset as they might otherwise have done. So I'm satisfied that Covea's payment of £300 fairly and reasonably compensated Mr B for the upset he was caused. This means that I don't intend to award any compensation to Mr B.

my final decision

I uphold this complaint. I require Covea Insurance plc to accept liability for Mr B's daughter's belongings as well as his own. It will then have to review the settlement it's made taking into account my comments above. Any payment found due to Mr B will have to have interest* added to it.

*Interest is at the simple rate of 8% per year from the date of loss to the date Covea Insurance plc makes the payment. HM Revenue and Customs requires Covea Insurance plc to take off tax from this interest. Covea Insurance plc must give Mr B a certificate showing how much tax it's taken off if he asks for one.

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

Fiona Robinson
ombudsman