

complaint

Mr and Mrs H complain that even though they called Legal & General Insurance Limited before their renewal date to check they had adequate cover, they were left underinsured. They are also unhappy with the way their claim was handled by Legal & General Insurance Limited. However, it's Mrs H who has been in correspondence with us. So, for ease of reading I will refer to Mrs H in my decision.

background

Mr and Mrs H have buildings and contents insurance with Legal and General Insurance Limited (L&G). Mrs H received her annual buildings and contents insurance renewal in 2019. She said the renewal was a single sheet which displayed the renewal date and price and that there was no policy booklet attached. Mrs H had a new garage built on her property during the previous 12 months. The garage was detached and away from the main house.

As the home insurance was up for renewal and Mrs H hadn't told L&G about the new garage already, she called L&G about a week before the renewal date. Mrs H wanted to know if her current policy was sufficient or if she needed an alternative policy in light of the new garage. She explained to L&G that she was calling to ensure the new garage was covered by the policy and to check if the existing policy provided sufficient buildings and contents cover. Mrs H was informed that as the new garage, like her existing outbuildings was within the boundary of her address, it was covered under her building's insurance.

Mrs H asked about her contents cover. Mrs H was told that her contents cover was over £70,000. Mrs H believed that this was enough to cover the contents of her home, new garage and other outbuildings. Around a day before her renewal date Mrs H phoned L&G's automated phone line and renewed her policy. She tried to log in to access her policy documents but was unable to do so. Around two days after her renewal date Mrs H phoned L&G and explained that she was unable to access her documents online. She was told by L&G that some other customers were experiencing similar issues. L&G agreed to send the policy documents to Mrs H in the post.

A few days later – Sunday - Mrs H was burgled. Several expensive items were stolen from her new garage. Mrs H informed the police and received a crime reference number. Mrs H phoned L&G and informed them that she had been burgled. She was told that she couldn't speak to anyone in L&G about her claim for another two days and would need to book a slot between 5pm and 9pm on Tuesday. Mrs H booked a slot for Tuesday evening.

The next day – Monday - Mrs H called L&G again as she didn't want to wait until Tuesday evening to speak to someone. She provided L&G with the crime reference number. However, L&G didn't recognise the crime number so Mrs H had to call the police again for clarification. Mrs H called L&G again the following day – Tuesday - and provided them with the updated crime reference number. Mrs H was told that her contents cover for all outbuildings was limited to £1,000 in total.

L&G explained that many of the expensive items that had been stolen from Mrs H's new garage during the burglary weren't included under her policy. And that Mrs H would have had to specify the items individually and as she hadn't, they weren't covered. Mrs H was shocked and disappointed as this meant around £5,000 of the items stolen were not covered.

Mrs H stated that she was expecting a call back from L&G Tuesday evening, but didn't receive any. Mrs H called L&G again the following day – Wednesday – however, the lines were busy, so Mrs H requested a call back. When L&G called Mrs H that afternoon it wasn't a convenient time, so L&G agreed to call back between 5.30pm and 8.30pm. Mrs H said that L&G didn't call her back. However, L&G said that they did call back and left a voicemail.

The next day – Thursday – Mrs H spoke to a team leader at L&G. She complained about the poor service that she had received, and that L&G had not given her the correct information when she called them before her renewal date to ensure that she had enough contents cover in place for the new garage. Mrs H suggested that L&G should listen to the call.

Mrs H informed L&G that the garage door lock had been drilled out during the burglary and still wasn't secure. The police had informed her that the burglars could return to steal other items of value. Mrs H said that L&G agreed that someone would be out within four hours. However, no locksmith attended or contacted Mrs H.

The next day – Friday – Mrs H called the locksmith herself, they informed her that they had only been asked by L&G to attend her address and complete a survey. And would not attend until the following Wednesday, which would be 10 days after the burglary. Mrs H wasn't happy with this, so she called L&G again. This time L&G arranged for the locksmith to attend that same day and a new lock was fitted to the garage door. The garage door has since been replaced.

L&G contacted Mrs H about her complaints. They offered Mrs H £50 for the claims handling service issues she experienced. However, L&G didn't accept that it was their fault that Mrs H wasn't sufficiently insured for the contents of her new garage. L&G offered Mrs H £100 as compensation for her loss of expectation.

Mrs H wasn't happy with L&G's offer, so she brought a complaint to our service. One of our investigators looked into Mrs H's complaint. The investigator thought that L&G should provide Mrs H with details of other L&G policies that were being offered at the time Mrs H renewed her policy. If Mrs H selects one of these policies, then L&G should charge Mrs H the difference between the new policy premium and the amount she paid for her current policy. And subsequently if Mrs H does take up one of the other policies offered by L&G, then L&G should carry out a further review of Mrs H's claim against the new selected policy.

L&G said that it's that policyholder's responsibility to ensure that they have sufficient cover in place. And that Mrs H hadn't specifically asked about the contents cover for her garage. L&G also stated that the limits on Mrs H's contents cover have been in place since Mrs H's policy began a few years ago. So, Mrs H should have been aware of the limits.

Mrs H agreed with the investigator's view, but as L&G didn't agree, the matter was passed to me to decide.

my findings

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

Having read the evidence submitted and the accounts of both parties, I've decided to uphold Mrs H's complaint.

I've listened to the call Mrs H made to L&G around a week before her policy renewal date. It's clear from the call that when Mrs H called to update L&G that she had built a new detached garage within the boundary of her property, she wanted to ensure that there was sufficient buildings and contents cover in place to cover her house, new garage and other outbuildings. Mrs H wanted to be clear on what she was insured for and at the end of the call she felt that she had over £70,000 contents insurance covering her house, new garage and other outbuildings.

L&G themselves in their own case notes state; *The policyholder asks, "what's the contents that I've got", the handler then provides the policyholder with the contents sum insured (over £70,000). It looks like the call was ambiguous, the handler was not clear enough within the call, the handler could have been a bit more specific, so the policyholder left the call assuming certain cover was in place.*

I agree with L&G here. Mrs H called L&G as she wanted the peace of mind of knowing that she had sufficient cover in place. Mr H said that in her mind her insurers, L&G were the experts, so she called them. L&G haven't done what I would have expected them to do during the call. As Mrs H has specifically called to add the new garage to her policy. L&G should have told Mrs H that the £70,000 contents cover didn't relate to the garage. This would have allowed Mrs H to choose a better policy with L&G or to seek insurance from another provider.

L&G said that Mrs H didn't specifically ask about the contents of the garage cover. Whilst this is true, she did ask about her contents cover specifically. It's also true that Mrs H made the call to L&G to ensure the new garage was covered by the policy. She had received a renewal and wanted to know if she should remain with her current policy or change. Unfortunately, having spoken to L&G, Mrs H decided to remain with the same policy as she believed – after speaking to L&G – that her current policy provided sufficient cover. I think L&G should have told Mrs H that she only had £1,000 contents cover on her new garage. Instead L&G told Mrs H that she had over £70,000 contents cover. As L&G have said themselves, this left Mrs H assuming that certain cover was in place.

L&G said that Mrs H has had the same cover for a few years. And therefore, should have been aware of the limits in her cover. I don't think this is relevant in this case. Mr H phoned L&G with new information, namely she'd had a detached garage built and wanted to check she was sufficiently insured. During the call it's clear that Mrs H isn't aware of the current cover or limits in place, that's why she called L&G. L&G didn't specify Mr H's contents cover limits and they didn't offer her an alternative policy that may have been more suited to her needs.

L&G told Mrs H that she had in excess of £70,000 in contents cover. However, this was Mrs H's overall contents limit. L&G didn't provide her with any specific limits within that overall limit. Given that Mrs H had called up to specifically tell L&G that she'd had a new detached garage built in the previous 12 months. I think it would have been reasonable to expect L&G to point out the specific limit relating to the new garage. I'm satisfied by Mrs H's actions that she would've reconsidered her policy if the limits had been made clear to her.

L&G said that it's Mrs H's responsibility to ensure that the policy met her needs. I agree with L&G here. However, Mrs H did take reasonable action to ensure that she had a policy that met her needs. Mrs H hasn't been reckless or remiss. She took the time to call L&G for advice, she considered them the experts. Mrs H trusted the information that she was provided by L&G. Although the advice provided by L&G wasn't incorrect, it was ambiguous and left Mrs H believing that she had sufficient cover in place. L&G provided clear detail in relation to Mrs H's buildings cover but not her contents.

L&G said that Mrs H had their cheapest policy for a number of years and should have been aware of the limits. Again, I don't see the relevance of this here. Mrs H never expressed any allegiance to this particular policy or any resistance to an alternative policy. Mrs H simply wanted a policy to suit her current needs. Having spoken to L&G she believed that her current policy suited her needs. L&G are right that Mrs H was with them for a few years and that Mrs H's policy hasn't changed in that time. Mrs H didn't have a copy of the policy, she also had no idea whether the policy had changed in that time or not and therefore called L&G to get the information. She had tried to view her policy online and was unable to do so. She had in fact called L&G and requested that they post her a copy of her policy documents. Unfortunately, she was burgled before the policy documents arrived.

L&G said that they did send Mrs H a copy of her policy documents with her renewal reminder. However, Mrs H says that she didn't receive a copy of her policy documents and only received a single sheet policy renewal reminder. The fact that Mrs H went to the trouble of trying to view her policy documents online and calling L&G to post her a copy, suggest that it's more likely than not that Mrs H didn't have a copy of her policy documents.

In response to the investigator's view, L&G said that our position meant that the insured would effectively have no responsibility to read their policy documents. I don't agree. In this case Mrs H called L&G as she didn't have a copy of her policy documents and she wanted L&G to provide her with information, to allow her to make an informed choice. The purpose of Mrs H's call was to ensure that the garage and contents had sufficient cover. It was L&G who highlighted the overall sum insured.

L&G do have policies which provide customers with increased levels of contents cover. They also allow customers to insure individual items of high value, provided they are specifically named in the home insurance policy. Unfortunately, the call handler's advice led Mrs H to believe that she didn't need to look at other policies as her current policy appeared sufficient.

I agree with our investigator. I think that L&G should provide Mrs H with details of other L&G home insurance policies, that were available to Mrs H when she called for advice. If Mrs H takes up one of these policies, then Mrs H should pay the difference between the policy's premiums. Then L&G should reassess Mrs H's claim against the new policy.

When a customer calls their insurer for assistance with a claim, I would expect the insurer to deal with the claim fairly and promptly. L&G have offered Mrs H £150 made up of £50 for the quality of the claims handling and £100 for the loss of expectation. It's clear to me from reading the case notes and from speaking to Mrs H, that the claims handling has not been what we would have expected and caused her distress and inconvenience. It's also clear that – despite her best efforts – Mrs H was underinsured and that this caused her shock and disappointment. I think that £150 is an appropriate amount to compensate Mrs H for the distress and inconvenience experienced as a result of poor claims handling and loss of expectation experienced to date.

my final decision

For the reasons I've explained above, I uphold Mr and Mrs H's complaint.

I direct Legal & General Insurance Limited to;

- Provide Mr and Mrs H with details of all other home insurance buildings and contents policies that were being offered by Legal & General Insurance Limited at the time Mrs H called Legal and General Insurance Limited for advice.
- If Mr and Mrs H select an alternative policy, then Legal & General Insurance Limited may request that Mr and Mrs H pay any difference between their current policy premium and the policy premium of the new policy they have selected.
- On receipt of any increased premium, Legal & General Insurance Limited must reassess Mr and Mrs H's claim under the alternative policy selected by Mr and Mrs H subject to the terms and conditions of the policy, any excess and any settlement already paid.
- Pay Mr and Mrs H £150 compensation for their material distress and inconvenience if it hasn't already done so.

Legal & General Insurance Limited must pay the compensation within 28 days from when we tell it Mr and Mrs H accepts my final decision. If it pays later than this, it must also pay interest at 8% simple* a year on the compensation from the date of my final decision to the date of payment.

*If Legal & General Insurance Limited considers that it's required by HM Revenue and Customs to withhold income tax from that interest, it should tell Mr and Mrs H how much it's taken off. It should also give Mr and Mrs H a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue and Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs H to accept or reject my decision before 23 January 2020.

Anthony Coyne
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