

complaint

Mr and Mrs R complain that Legal & General Insurance Limited (L&G) has unfairly declined a claim on their home insurance.

background

Mr R plays in a band. This isn't his main profession but the band is sometimes paid expenses or a small fee for performing locally. Mr R left some of his musical equipment in locked storage at the place where the band practices. This didn't include any instruments. Someone broke into the building and stole some of his equipment.

Mr and Mrs R made a claim to L&G for the stolen items under their cover for personal property away from the home. This was declined by L&G as the items didn't meet the policy definition of personal property.

Mr and Mrs R then asked L&G to consider the claim under their cover for contents temporarily removed from the home. This includes cover for personal belongings and business equipment away from the home for up to 90 days. But it excludes 'contents held or used for business purposes other than business equipment.'

L&G said that because Mr R was paid for performing the stolen equipment was being used for business purposes. It said the items didn't meet the definition of business equipment in the policy and it declined the claim. Mr and Mrs R didn't accept this decision and added that they were very unhappy with the way L&G had handled this claim.

Our adjudicator thought that the complaint should be upheld. He thought that Mr R's time with the band was more akin to a hobby than a business. He also thought that L&G should pay them £100 compensation for the trouble and upset it had caused.

L&G didn't agree with the adjudicator's opinion. It said that when applying for the cover Mr R had said that the equipment was left at the storage facility all of the time. It provided a recording of the call.

my findings

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

The stolen items weren't musical instruments and I agree that they don't meet the definition of personal property under the optional cover for personal possessions away from the home.

I have considered the evidence about where the equipment was usually stored and whether it was always away from the home. I am satisfied that the equipment wasn't always left at the place the band practiced and did return to Mr R's home between performances. I therefore think it falls under the definition of contents temporarily removed from the home.

The policy included a definition of what it considers to be 'business equipment'. This includes items such as computers, photo copiers and office furniture. I find it a little contradictory for L&G to argue that the stolen equipment was used for business purposes but that it isn't considered as business equipment. But I accept that it isn't included in the specific policy definition.

The final question to consider therefore is if the stolen items should be considered as 'contents held or used for business purposes' which are excluded from the cover provided.

I recognise that Mr R's band plays in various local venues on an irregular basis and that they advertise their availability online. I also recognise that they are sometimes given money to cover their expenses or a small fee for playing. In his conversation with L&G Mr R described his activity with the band as 'just a hobby' for which he was occasionally paid.

There isn't any definition of 'business purposes' in the policy and I don't think that Mr R's activities constitute a business. For these reasons I don't think that it is reasonable for L&G to use this exclusion to decline Mr and Mrs R's claim.

I don't think that L&G has done all it could to make this claim or complaint process as simple as it should have been. It could have considered the claim under all the possible areas of cover without them effectively applying twice and it could have responded more promptly to their questions and concerns. I think that the claim has been unfairly declined and I agree with the adjudicator's recommendation that L&G should pay Mr and Mrs R £100 compensation.

my final decision

My final decision is that I uphold this complaint.

I require Legal & General Insurance Limited to:

- Settle Mr and Mrs R's claim. If a cash settlement is made I require it to add interest to the settlement at a rate of 8% simple per annum.
- Pay Mr and Mrs R £100 compensation for the trouble and upset its handling of the claim has caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs R to accept or reject my decision before 14 December 2016.

John Thornton
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