

complaint

Mr and Mrs M complain that CIS General Insurance Limited mis-sold them their home insurance policy.

background

I've set out the background and circumstances of this complaint and my initial thinking in my November 2015 provisional decision. I attach a copy of that decision, which forms a part of this final decision.

Mr and Mrs M and CIS have seen the provisional decision and responded. CIS has provided evidence of the phone calls between it and Mr and Mrs M when it sold the policy. It says:

1. it wouldn't have offered cover for the homesteader system or £15,000 of tools in a garage – so Mr and Mrs M can't have told them about these things
2. the new business documents say *"This confirmation of your details confirms the information you have provided to us. This is an important document and should be kept in a safe place. Please check the details carefully and if any of the information is incorrect telephone us on 08457 46 46 46"*
3. it thinks that putting the garage contents limit in the policy summary was enough to bring it to Mr and Mrs M's attention

my findings

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

I'll deal with each of CIS' points individually:

1. This is what CIS says *should* have happened. But CIS has shown me no evidence of what *did* happen. For the reasons in my provisional decision, I think Mr and Mrs M's memory of the sales call is credible and plausible. CIS has now shown me records that confirm it had two calls with Mr and Mrs M on the day the policy was sold. While it seems Mr and Mrs M are mistaken that CIS called them back – both the calls are shown as incoming to CIS – the fact it shows two calls is further support for what Mr and Mrs M have said happened.
2. The section CIS quotes is on page 5 of the seven page policy details. That's nine pages into the 16 page welcome pack CIS sent Mr and Mrs M together with the 10 page policy summary and 40 page policy document. But as I said in my provisional decision, the covering letter told them to keep the pack in a safe place. It didn't tell them to read and check the papers first. So I don't think CIS did enough to bring the garage theft limit to Mr and Mrs M's attention. And because I think Mr and Mrs M had told CIS that garage cover was important to them, I think simply leaving it for them to find was unfair.
3. I've already explained above and in my provisional decision why I don't think this was enough.

So the parties' responses haven't changed my mind. And it follows that I've reached the same conclusions as in my provisional decision and for the same reasons.

my final decision

So for the reasons above and in my provisional decision I've decided to uphold Mr and Mrs M's complaint and require CIS General Insurance Limited to:

- Consider Mr and Mrs M's claim as if there was no limit on claims for theft of garage contents – CIS may deduct from the settlement amount the additional premium Mr and Mrs M would have had to pay for a policy that had enough cover for theft of garage contents for their needs.
- Pay Mr and Mrs M £100 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs M to accept or reject my decision before 22 January 2016.

Mike Foster
ombudsman

copy of provisional decision

complaint

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background

Mr and Mrs M had home insurance with CIS from 2009. In June 2012 they called CIS to change the policy they already held to allow them to rent the property out. And they bought a new policy to cover their new home. It's this policy that this complaint's about.

The new policy they bought included about £50,000 of contents cover. Mr and Mrs M's garages were burgled in November 2014. About £11,500 worth of goods was stolen.

Mr and Mrs M called to claim on their contents insurance. CIS told them that their policy had a £2,000 limit on loss or damage because of theft or attempted theft from garages and outbuildings. And CIS offered them £1850 – the £2,000 limit less the £150 excess.

Our adjudicator didn't uphold Mr and Mrs M's complaint. She thought that there wasn't enough information to decide what happened during the sales call. But that CIS had made the restriction clear in the policy documents it sent out afterwards. Mr and Mrs M disagree. They insist that they told CIS about what was in the garages. And asked specifically about cover for the 'homesteader' power system that was in one of the garages. They say that because they knew they had a lot of high value items in their garages they wouldn't have bought a policy with a £2,000 limit on theft from garages and outbuildings.

my provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I intend to uphold Mr and Mrs M's complaint. I'll now explain why.

Both parties agree that the policy was bought on the phone on 28 June 2012. CIS has told me in its general insurance phone sales it didn't give advice or recommend policies to customers. But CIS still had to make sure it gave Mr and Mrs M enough information for them to decide if the policy was right for them. So what was said during this call is central to this case.

the sales call

CIS has told me that it can't provide a recording of the sales call. Given that the call was as recently as 2012, this is disappointing. But it has shown me a copy of the PowerPoint slides that appear to have been for training phone sales staff. CIS describes this as the 'script' used by its sales staff in June 2012. I've looked at these slides. Nowhere do they mention the limit on theft cover for garage contents. Not even in the 'key features, significant exclusions and limitations' window. So CIS says its salesperson would have told Mr and Mrs M about the theft limit on garage contents. But it hasn't shown me anything to support this.

Mr and Mrs M say they have a clear recollection of the sales call. And I see their description of what was said has been consistent since they first called to report the claim. They say that

they told CIS that they had a 'homesteader' power system in one garage that cost about £20,000 to have fitted. They also say they told CIS that Mr M had a lot of tools he'd accumulated over the years. And these were worth about £15,000. They say they asked specifically if the 'homesteader' system would be covered. And the salesperson agreed to find out and call back. When he called back they say he told them that the system and the garage contents would be covered by the £50,000 contents cover, so they bought the policy. They mention that they were told that this was because the garage was '*within the boundaries*' of their property. CIS's script slides refer to garages only being covered if they are within the property boundaries.

Mr and Mrs M also say that a friend was present when they made the call – I'll call him 'witness'. So I've contacted the witness and he's said he remembers the call because "*he used to work for the CO-OP and when he used to sell their policies the garage would not be covered by the policy*". He recalls the phone being on loud speaker and says that CIS told Mr and Mrs M that the 'homesteader' system and garage contents would be covered.

From Mr and Mrs M's consistency, what the witness has said, and the fact that some of their comments fit with what's in CIS' script slides, I find what they say plausible and persuasive. So I think that they weren't told about the theft limit for garage contents when they bought the policy. And because they'd told CIS about what was in their garage, CIS knew that this would be important information to Mr and Mrs M.

the policy documents

CIS says even if the limit wasn't mentioned, it was clear in the policy documents they sent Mr and Mrs M the next day. I've looked at those documents. The £2,000 limit is specified on page 12 of the 40 page policy document and page 7 of the 10 page policy summary. These 50 pages of policy documents were sent to Mr and Mrs M with another 16 pages of documents, including a covering letter.

The covering letter said "*Please find enclosed the documents listed below – please keep them in a safe place*". It didn't tell Mr and Mrs M the importance of reading the policy documents, or direct them to any significant exclusions and limitations. And without that, I don't think even the most careful consumer would necessarily of seen the garage contents theft limit. So I don't think CIS did enough to make the theft limit on garage contents clear to Mr and Mrs M when it sent the policy documents.

So Mr and Mrs M had told CIS that they needed their garage contents to be covered. And CIS didn't draw the limit on theft claims for those things. If it had, I don't think Mr and Mrs M would have bought the policy. I think they'd have looked for one that either didn't have a theft limit, or had one that covered the value of their garage contents. So it follows that I think their complaint should succeed.

putting things right

When it requires a business to put things right, this service tries to put the consumer in the position they'd have been if the business hadn't done wrong. In this case I think Mr and Mrs M would have bought a policy with enough garage contents cover for all risks, including theft. But this would probably have cost them more.

So I think CIS should consider Mr and Mrs M's claim as if there was no limit on loss of garage contents by theft. It should also calculate how much extra Mr and Mrs M would have

had to pay for a policy that had enough all risks cover for garage contents and deduct that additional premium from the settlement for the claim.

I think that after the unpleasant experience of being burgled, to be told that they would only get a fraction of the value of what had been stolen would have been very distressing for Mr and Mrs M. So I think CIS should compensate them for that too.

Finally, I note that Mr and Mrs M have said they want the things replacing rather than a cash settlement. So, for clarity, I confirm that the wording of the policy allows CIS to decide if it settles a claim by payment, repair or replacement. So I don't intend to make any direction about how CIS settles the claim.

my provisional decision

For the above reasons I intend to uphold Mr and Mrs M's complaint and require CIS General Insurance Limited to:

- Consider Mr and Mrs M's claim as if there was no limit on claims for theft of garage contents – CIS may deduct from the settlement amount the additional premium Mr and Mrs M would have had to pay for a policy that had enough cover for theft of garage contents for their needs.
- Pay Mr and Mrs M £100 for distress and inconvenience.

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