

complaint

Mrs T's unhappy that Allianz Insurance Plc has refused to consider her home insurance claim for theft.

background

Mrs T insured her mobile home with Allianz in January 2010. The policy was set up with an endorsement that the manufacturer-fitted alarm is used when the home's empty and when everyone's gone to bed.

In December 2014, Mrs T's home was burgled while she was away. She told Allianz that the alarm wasn't activated and hadn't been used since 2009. So, relying on the alarm endorsement, Allianz declined her claim for theft.

Mrs T says she didn't know about the endorsement and wouldn't have bought the policy if she'd known. Allianz confirmed it would have insured Mrs T's home if it had known the alarm wasn't used. But she'd have lost the 'alarm discount'.

Our adjudicator upheld the complaint. She thought that Allianz hadn't shown that it told Mrs T about the endorsement when she bought the policy. Allianz disagrees. It says it's confident that Mrs T would have been told about the endorsement. And it refers to the information in the renewal documents.

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 done this, I've decided to uphold Mrs T's claim. I'll now explain why.

I'm aware that Mrs T's son has acted on her behalf during this complaint. And he may have taken out the policy for her originally. But Mrs T's the policyholder and he was acting for her. So in this decision I'll refer to anything said or done by him on Mrs T's behalf as if it was said or done by Mrs T.

Allianz can't provide the sales call recording or the new business documents sent to Mrs T in January 2010. So it can't show me what Mrs T was asked, and what she told Allianz when she bought the policy. But Allianz says she must have said she had a working alarm because that's how the policy was set up.

Mrs T doesn't remember telling Allianz about the alarm at all. And doesn't think she was given a discount for having it. But Mrs T had no reason to hide the fact her home was fitted with an alarm. So I think if she'd been asked if she had one, Mrs T would have answered 'yes'. And this would explain why the policy was set up this way.

The contract for the alarm had ended in 2009 and Mrs T didn't use it. So I think if she'd been told that the policy had a term that required the alarm to be used nightly and when the home was empty, she wouldn't have agreed to the policy. Allianz hasn't been able to show me that any specific questions were asked about alarms. Or that any endorsements were explained to Mrs T. Their sales script doesn't mention these. So I think Mrs T was asked if she had an alarm, but not asked more about it. And I don't think she was told about the endorsement.

But Allianz has said that the endorsement was clearly highlighted in the renewal documents. I agree that the 2014 renewal – the policy year in which this claim falls – did clearly state the full wording of the endorsement. As does the 2015 renewal sent to Mrs T in December 2014. But those renewals are very different to the 2013 renewal sent in December 2012. It includes a schedule that states '*Endorsements: End1: 902...*'. But it doesn't include the full wording of the endorsement. So without cross-referencing with another document, the 2013 renewal doesn't make the endorsement clear.

Allianz can't show me the new business documents from 2010 or the 2011 and 2012 renewal invitations. So it can't show me that the endorsement was clear in those. And since it wasn't clear in the 2013 renewal, I think it probably wasn't clear in the earlier documents.

So I don't think Allianz made the endorsement clear to Mrs T on the phone or in the documents it sent her after the sale and at the first three renewals. But I do think it was clear in the 2014 renewal. However, because Mrs T had been insured with Allianz for four years by then, and because nothing had changed, I don't think she checked the details of the 2014 renewal invitation. And in these circumstances I don't think that was unreasonable.

So I think Allianz didn't ask Mrs T enough about the alarm when it sold the policy. And because of that Mrs T bought, and renewed, an unsuitable policy. It follows that I think her complaint should succeed.

putting things right

To put things right I need to put Mrs T in the position she'd have been in if Allianz had asked the right questions. I think if Allianz had asked if her alarm was in use, or told her about the endorsement, Mrs T would have explained the situation. And Allianz would have sold her a policy without this endorsement. This would have cost her a little more.

So I think Allianz should consider Mrs T's claim as if there was no alarm endorsement. It may deduct any additional premium she'd have had to pay from any settlement.

my final decision

For these reasons, I've decided to uphold Mrs T's complaint and require Allianz Insurance Plc to put things right as I've described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 30 December 2015.

Mike Foster
ombudsman