

The complaint

Mr D complains that Highway Insurance Company Limited (Highway) declined a claim he made under his contents insurance policy.

What happened

Mr D has a contents insurance policy, which includes accidental damage cover, underwritten by Highway. Mr D accidentally knocked a cup of coffee over the keyboard. As the laptop wouldn't turn back on, he contacted Highway to make a claim.

Mr D's laptop was collected and inspected by Highway's supplier. However, they raised concerns with the amount of liquid still in the laptop since the event had occurred. Highway interviewed Mr D, and subsequently declined his claim. They said Mr D hadn't proved the loss occurred as described and they had concerns about the claim.

Mr D was unhappy with Highway's decision and approached the Financial Ombudsman Service.

One of our investigators looked into things and upheld the complaint. She said that Highway hadn't sufficiently demonstrated Mr D had deliberately caused damage, and this was based on an assumption from their supplier. She therefore recommended Highway settle the claim in line with the remaining terms, with 8% interest added to any cash settlement paid. She also recommended Highway pay Mr D £150 compensation.

Highway didn't agree and asked for a final decision from an ombudsman.

What I've decided – and why

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've reached the same outcome as our investigator.

Mr D claimed for liquid damage to his laptop. The laptop was inspected by Highway's supplier and concerns were raised about the volume of liquid still in the laptop at that time, around 16 days since the loss was said to have occurred.

Highway interviewed Mr D and subsequently declined the claim. In the claim decline letter, Highway said:

"We are therefore declining your claim as we do not consider that the damage could have occurred in the manner described by you, which therefore casts doubt on the incident described. We do not consider that you have satisfactorily proved an insurable loss happened. In addition, we are concerned that some damage has been caused deliberately, to worsen the damage and prevent repair, in order to obtain a new replacement. This is a specific exclusion in your policy terms."

Highway have highlighted to this service that they aren't declining the claim on the basis that they are saying Mr D deliberately damaged the laptop, instead on the basis that Mr D has failed to prove the loss happened as described. However, as outlined above, part of this does say Highway are concerned the damage has been caused deliberately.

Before reaching the claim decline decision, Highway also said to Mr D:

"I asked you to explain why there was still large areas of liquid present at this point and you were unable to do so.

Unfortunately, we do encounter claims where clients have laptops that suffer mechanical breakdown, which is not covered under their insurance policy, and deliberately pour liquid on the laptop to gain a financial settlement that they are not entitled to. We need to rule out that this occurred on this occasion.

In order for me to consider your claim, please provide a satisfactory written response to the following:

Why, 16 days after you indicate the incident occurred, was there large pools of liquid still present?

We request that you send a satisfactory written explanation to the inconsistencies highlighted above within 14 days or we may have no choice but to consider this claim to be fraudulent, the consequences of which can be found in the General Conditions of your policy booklet."

So, whilst Highway are saying they declined the claim on the basis they aren't satisfied the loss has been proved by Mr D to have occurred as presented, they've also said, several times, that they are concerned the damage has been caused deliberately too.

Highway's concern is with the amount of liquid still in the laptop post loss rather than there being sticky residue instead. And they say this amount of liquid couldn't still be present given the amount of time between loss and inspection. Highway have reached that conclusion based on the opinion of their supplier. And I recognise, as Highway has pointed out, that their supplier is approved and authorised by the laptop manufacturer and regularly deals with this brand of electrical device during insurance claims.

However, the presence of liquid rather than sticky residue is the sole basis of Highway having concerns over the claim. And that's based on the opinion of Highway's supplier that after that amount of time, there should be less, or no liquid and only a sticky residue, without any conclusive evidence to demonstrate that it's not possible for liquid still to be present. The images of the opened laptop casing do show some liquid remains, but not in huge quantities and it looks to have run down from one side in particular. There are also many variables which could mean there is still liquid present to some degree, including the volume to start with, the fact it was coffee rather than water, the thickness of the liquid, atmospheric conditions, along with many other reasons.

Highway has asked Mr D why there is still liquid present, and they aren't satisfied that he's not been able to explain this. However, there are many reasons why it could still be present, and the laptop wasn't taken apart until it was with Highway's approved supplier, and this is when the liquid was discovered. It is unlikely Mr D would have known there was still liquid present, so I'm not sure how he could be expected to explain or know why it was still there beyond him spilling coffee on it which led to the claim being made in the first place.

I'm not persuaded the fact there is still liquid present alone is enough to conclude the claim didn't occur as presented, or that Mr D hasn't done enough to prove that (or that this was caused deliberately which seems to be implied in Highway's correspondence with Mr D). So, I don't think Highway has declined the claim fairly or reasonably in the circumstances.

With this in mind, I'll be directing Highway to settle Mr D's claim in line with the remaining policy terms, limits and applicable excess. If any cash settlement is made, Highway will also need to add 8% simple interest to this amount from one month from when the claim was made (to allow for a reasonable period of time to have considered and settled it) to the date of settlement.

Mr D has also explained how distressing he's found it being accused of deliberately damaging his laptop, and having his claim declined on this basis. Whilst Highway has said they are declining (unfairly in my view) the claim on the basis its not be proven to have occurred as presented, the correspondence implies that Mr D has caused the damage deliberately. And I agree with our investigator that Highway should compensate Mr D £150 for the impact of this and the distress this has caused.

My final decision

It's my final decision that I uphold this complaint and direct Highway Insurance Company Limited to:

- Settle Mr D's claim in line with the remaining policy terms, limits and applicable excess
- If a cash settlement is paid, add 8% simple interest* from one month from when the claim was made to the date of settlement
- Pay Mr D £150 compensation

*If Highway Insurance Company Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr D how much it's taken off. It should also give Mr D a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 2 May 2024.

Callum Milne
Ombudsman