

## **The complaint**

Mr S complains about QIC Europe Limited (QIC) who voided his cover (treated it as if it didn't exist), following a claim under his home insurance policy.

## **What happened**

Mr S was a victim of a burglary at his home. He made a claim against his policy with QIC. Several items of jewellery were stolen and as Mr S listed them as lost, QIC instructed a specialist jeweller to assess the value of the items. Out of the items taken, 19 pieces of jewellery were valued at over £2,000 each. The total jewellery loss (including items that were valued below £2,000) was £106,281.

Mr S told QIC that he wasn't aware of the value of the items of jewellery and many of them were heirlooms, so had sentimental value. He believed that the cover he selected was sufficient for his needs. QIC told Mr S that had it been aware of the actual value of the jewellery it wouldn't have offered cover. So, it voided Mr S' policy and agreed to refund all the premiums he had paid.

Mr S complained to QIC on the basis that he wasn't aware of the actual values of the stolen jewellery. In its final response, QIC said that Mr S had been careless in his declaration of what he thought the jewellery was worth. And had it known the value, it wouldn't have offered cover.

It said that Mr S had indicated that the value of the jewellery was around £10,000, without getting any valuations done. And that he said that no individual item was worth more than £2,000, when around 19 items were in excess of that. So, on this basis it voided his policy and refunded the premium paid.

As Mr S had been given his referral rights, he referred a complaint to our service. One of our investigators considered the complaint and didn't think it should be upheld. His view was that QIC had been fair to void the policy as it had assessed the misrepresentation as careless. He said that QIC also indicated that it would be refunding the premiums paid by Mr S, which he said was fair. He also said that QIC wouldn't have offered cover, had it been made aware about the actual value of the jewellery. He explained that it was Mr S' responsibility to know the accurate value of the jewellery. So, there was nothing further he could reasonably ask QIC to do.

QIC accepted the view, Mr S did not. He said that QIC's points raised were unfair. He felt that labelling him as careless was stressful and upsetting. So, he asked for a 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 won't uphold this complaint, for much the same reasons as our investigator, which I understand is likely to be a disappointment to Mr S. But I hope my findings go some way in explaining why I've reached this decision.

The relevant law in this case is the Consumer Insurance (Disclosure and Representations) Act 2012 ("CIDRA"). This requires consumers to take reasonable care not to make a misrepresentation when taking out a consumer insurance contract (a policy). The standard of care is that of a reasonable consumer.

And if a consumer fails to do this, the insurer has certain remedies provided the misrepresentation is - what CIDRA describes as - a qualifying misrepresentation. For it to be a qualifying misrepresentation the insurer has to show it would have offered the policy on different terms or not at all, if the consumer hadn't made the misrepresentation.

CIDRA sets out a number of considerations for deciding whether the consumer failed to take reasonable care. And the remedy available to the insurer under CIDRA depends on whether the qualifying misrepresentation was deliberate or reckless, or careless.

QIC said that there is an onus on a policyholder to ensure that the information they provide is accurate and factually correct. It also said that had it been made fully aware of all of the claims, it would not have offered cover. Based on this, QIC said that the misrepresentation made by Mr S, was careless.

Mr S initially purchased the policy on a price comparison website. Following the purchase of the cover, QIC, said that it emailed him the policy documents and advised him to read them to ensure the cover met his needs.

QIC said that the documents made it transparent, that Mr S ought to provide clear and accurate information. It also highlighted the consequences of failing to do so. I've reviewed the policy terms and conditions, and there is a section that emphasises the need to provide accurate information. It also outlines the consequences of not doing so, one of which is to '*treat your policy as though it never existed*'. So, I'm satisfied that Mr S was told of the importance of giving accurate information.

Further, the policy terms recommended that Mr S obtain valuations of any valuable items that he wanted to be covered. It stated:

*'We strongly advise you to review your policy each year to make sure you have suitable cover in place. The value of some of your personal belongings and valuables is likely to vary overtime. We recommend that you review the valuation of any specific items regularly (at least every two years) and get professional advice if necessary.'*

I can't see that Mr S followed this recommendation. I note that he said that he was unaware of the value of the jewellery, but I don't agree this is reasonable, given that it was his responsibility to ensure that he was aware of the value of the items, that he wanted to be covered. And if he was not, then to get the assistance of a professional. Consequently, I don't think QIC was unfair to take this into consideration, during its assessment of his claim.

In addition, during the purchase journey, Mr S was asked a few questions regarding the value of the contents and specific items that he wanted covered. I can see that he declared that no one item was worth over £2,000. He also stated that £10,000 would be enough to replace all the items (that were worth below £2,000). Albeit his total cover for all his contents he said was no more than £40,000.

QIC has provided its underwriting criteria and it said that had it been made aware of the value of the jewellery, it wouldn't have offered cover, as the value exceeded its acceptance criteria. Consequently, I think this error made by Mr S, amounts to a qualifying misrepresentation.

I've next looked at the actions QIC can take in accordance with CIDRA and one of the remedies allows for it to void Mr S' policy. Which lets it not have to deal with his claim following the burglary. QIC said that as Mr S failed to disclose the accurate value of the jewellery, it would not have offered cover. In light of this, I agree that the misrepresentation was careless, and I'm satisfied that QIC was fair to rely on CIDRA to void Mr S' policy. Finally, QIC has agreed to refund in full all the premiums paid by Mr S, which I think is fair.

Taking everything into consideration. I find that the onus was on Mr S to disclose factually correct information as required by the terms of the policy. Which then would've allowed QIC to make an informed choice as to whether it would've wanted to take on the risk. As this wasn't done, I'm satisfied that QIC provided enough evidence to show there had been a qualifying misrepresentation. And I think it was reasonable to void the policy (treated it as if it had never existed). I also think that it was fair to agree to refund all premiums paid since inception of the policy. Consequently, there is nothing further I can reasonably ask QIC to do here.

### **My final decision**

QIC Europe Limited has agreed to refund all the premiums from the date of inception to the date the policy was voided. And I think this offer is fair in all the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 4 December 2023.

Ayisha Savage  
**Ombudsman**