

The complaint

Mr O complains about Finance Advice Group Limited (FAG) who declined his claim under his home insurance policy.

What happened

Mr O purchased a policy with the assistance of his broker FAG (that was annually renewed) since 2019. His partner lost a ring inside their home and despite their best efforts, they were unable to locate it. Mr O made a claim against his policy. During the investigation of the claim, it was found that Mr O had lost the ring inside his home. Mr O's insurers said that as the ring was lost inside the home and Mr O hadn't selected personal possession cover (PPC), the claim would be declined.

Mr O said that during the sales process he was led to believe that PPC, was covered. He felt that the decision to decline his claim was unjust and unfair, so he complained to FAG on the basis that the policy was mis-sold. In its final response, although it sympathised with Mr O, it said that as he hadn't chosen to upgrade his policy with PPC and pay the additional premium, there was no cover for the loss of the ring. So, its decision to decline was correct.

As Mr O 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. He said that the evidence that he reviewed, didn't support that the policy was mis-sold. He said that the policy documents made it clear that as Mr O hadn't selected PPC and as the ring was lost, there was no cover under the policy. He agreed that the decision to decline the claim was reasonable.

FAG accepted the view, Mr O did not. He believed that he had selected PPC. He said that in any event, the policy allowed cover for items that were valued up to £2,500. And as FAG had specifically mentioned to him that any item under the value of £2,500, would be included, regardless of whether he selected PPC or not, he felt it was unfair that the claim was declined. He also said that as the ring was valued less than the £2,500, it ought to be covered. 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. I understand that this might be a disappointment to Mr O, but I hope my findings go some way in explaining why I've reached this decision.

I've considered both parties comments, and the evidence they've provided. I think the main issue of this complaint is whether FAG mis-sold the policy.

Mr O explained that his partner's ring was lost inside their home. Despite their best efforts, they were unable to find the ring and made a claim under the policy. FAG said that the policy terms and conditions don't cover loss of the ring, as Mr O didn't purchase the additional PPC.

I've had a look at the policy terms and conditions to see what is and is not covered under the policy. It's fair to say that Mr O didn't select PPC, which I understand would've attracted an increased premium.

FAG said that had Mr O selected the PPC, the ring would've been covered under the policy. But as he hadn't, he would've had to prove that the loss occurred under another insured peril, for example, theft. The policy states:

'Your contents are covered for loss or damage by the following causes: 1 Fire, smoke, explosion, lightning or earthquake. 2 Riots, civil commotion, labour and political disturbances or strikes 3 Malicious damage or vandalism, theft, storm or flood.'

I note that Mr O had initially taken the policy out in 2019 and had renewed the policy each year. I have reviewed the policy documents and I can't see that Mr O selected the additional cover of PPC or any other additional cover.

I think that the policy terms are clear and unambiguous and meant that unless that additional cover is selected, only the listed insured perils, are covered for items up to a value of £2,500.

I understand that Mr O said that he believed that he selected the additional cover. However, none of the policy documents indicate this. Furthermore, I can see that Mr O was sent those documents annually, at renewal. And we would expect a consumer to check the policy at each renewal, to ensure that it was sufficient for their needs. I can't see any evidence to support that Mr O did this.

I've asked FAG for a copy of the sales call in 2019, to see whether Mr O asked for PPC. FAG said that given the passage of time, there was no copy of the sales call. Given that Mr O was sent the policy documents on an annual basis, over several years, and I would've expected Mr O to check his documents on receipt, I'm not persuaded that Mr O has provided me with enough evidence to support that he was mis-sold the policy.

Accordingly, as I'm not persuaded that there was enough evidence to conclude that the policy was mis-sold, I don't think that the claim was unreasonably or unfairly declined. Given that the loss occurred inside the home, which wasn't covered under the policy.

I acknowledge Mr O's strength of feeling about this complaint and the reason why he referred it to our service. I understand that my findings are likely to be a disappointment to Mr O. But, in the overall circumstances of this complaint, I haven't seen enough evidence to show that FAG acted unfairly. I'm therefore not going to tell it to do anything further here.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 14 December 2023.

Ayisha Savage
Ombudsman