

The complaint

Mr A complains that Chaucer Insurance Company Designated Activity Company avoided his home insurance policy and didn't deal with a claim he made on it after a theft.

Reference to Chaucer includes its agents.

What happened

Mr A held a home insurance policy with Chaucer. After some jewellery was stolen, he made a claim to Chaucer.

Chaucer thought Mr A had made a misrepresentation when taking out his policy. It thought he'd answered the question about how much his contents were valued at incorrectly. It thought this because it valued his jewellery at £93,000, more than the £80,000 Mr A had said all his contents were worth.

It said had it known Mr A's contents exceeded £80,000 it wouldn't have offered him cover. It said this allowed it to cancel the policy from the start – or avoid it (act like it didn't exist). And because of this, it said there was no policy for Mr A to claim from, so it didn't deal with his claim.

Mr A didn't think this was fair and complained. He thought Chaucer had exaggerated the cost of his jewellery and maintained it was worth what he said it was when he took the policy out.

Chaucer didn't change its stance, so, Mr A brought his complaint to us.

One of our Investigators recommended it be upheld. She didn't think Chaucer had shown what Mr A was asked when he took the policy out. But she ultimately thought Mr A's answer to how much his contents were worth was reasonable. So, she recommended Chaucer effectively reinstate his policy and assess his claim in line with it.

Chaucer didn't agree and asked for an Ombudsman's decision.

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'm upholding it. I'll explain why.

- Chaucer has said Mr A failed to take reasonable care when answering the question about how much his contents were worth. It's said this failure meant it offered him a policy it wouldn't have offered otherwise. It says this is a qualifying misrepresentation under the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). And it says this allows it to take the action it has.
- But I'm not satisfied CIDRA applies here. Mr A was asked how much his contents

were worth, and that's a matter of opinion not fact. Because of this, I don't think CIDRA strictly applies. That said, it's often fair to apply its principles to determine a fair answer.

- Ultimately, I'm not persuaded Mr A gave an unreasonable answer when he said his contents were worth £80,000. I appreciate Chaucer thinks differently based on it valuing the jewellery alone at £93,000 – and I don't question that valuation. But Mr A has provided explanation of why he thinks the jewellery is worth significantly less. He's provided receipts from purchase and plausible explanation of why he values the jewellery less than Chaucer. And I've not been provided anything to show the value of the other contents of Mr A's home.
- So, because I'm satisfied Mr A gave a reasonable answer, this is the equivalent of him *not* failing to take reasonable care under CIDRA. Under CIDRA Chaucer wouldn't be able to take any action and so I find it was unfair for it to have taken the action it did here.

Putting things right

Chaucer should therefore effectively reinstate the policy and consider Mr A's claim in line with the remaining terms. Should the claim be paid, Chaucer would be entitled to deduct any excesses from the claim. And it would, after deducting those excess be able to apply the policy limits.

My final decision

For the reasons set out above, I uphold this complaint and require Chaucer Insurance Company Designated Activity Company to:

- Effectively reinstate Mr A's policy. And,
- Assess his claim in line with the remaining terms.
- If the claim is successful, it can deduct policy excesses and then apply any policy limits.
- If it's returned any premium to Mr A, it's entitled to deduct this from any claim settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 19 January 2024.

Joe Thornley
Ombudsman