

The complaint

Mr L complained that his claim was unfairly declined by Gresham Insurance Company Limited (“Gresham”) under his home contents policy.

What happened

Mr L made a claim on his contents policy following water damage in his home. Gresham settled most of Mr L’s claim but declined his claim for the damage to his recording studio equipment.

Aviva said Mr L was a radio producer, radio presenter and DJ. Aviva declined the claim as it said the equipment was being used for business or professional use, so wasn’t covered by the policy.

However, Mr L clarified that he used his equipment for pleasure and not business use. He said he was unemployed and shared evidence that he was in receipt of Job Seekers Allowance, so he thought his claim should be covered by the policy.

Our investigator decided to uphold the complaint. She was persuaded that Mr L didn’t use the equipment for paid work, so he didn’t think it was fair to conclude the equipment was used for business or professional use. She thought Gresham should settle the claim. She also awarded £100 compensation for Mr L’s distress and inconvenience. Gresham disagreed, so the case has been referred to 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.

I’ve checked the policy and it covers *“personal effects which belong to the insured”*, so provided the equipment wasn’t used predominately for business and professional use, I’m likely to say the claim should be settled.

It’s Aviva’s responsibility to prove the equipment was used predominately for business use, so I’ve considered its arguments on this. Aviva said the equipment was used for business and professional use. Aviva said in the initial claim call Mr L *“advised my colleague that [he is] a radio host and DJ. I also note you have said you do not make money from this, however these items are used for a professional basis online etc and therefore I am maintaining the decision to decline your claim”*.

I have listened to the call and Mr L does indicate he is a radio presenter and DJ. Mr L has since clarified to our service that his equipment is used for his hobby / personal use and not for the purpose of business. At no point on the call, did Mr L specifically say radio presenting / being a DJ was his work or that he made money from this. Therefore, I don’t think the call recording that Aviva has provided supports their claim decision that Mr L used the equipment for business and professional use. I think their evidence needs to be more significant.

The policy doesn't define "*business and professional use*" so it's not clear to customers exactly what Gresham mean by this. I don't think it's fair to say using equipment for a hobby is the same as someone using it for professional or business use. Mr L thinks that professional and business use would refer to someone getting paid for their work. I think this is a reasonable interpretation of these words.

Gresham said, "*Mr L clearly told us he was a DJ/Radio Host – these are normally paid jobs, there are not many DJ/Radio Host who will carry out this type of work free of charge*". I don't find this statement compelling or supportive of Gresham's position on this claim. I find this statement contradictory, as it indicates Gresham also feel paid work is an indicator of professional or business use. Gresham has also suggested in the statement that there could be some (a minority) of DJ/radio hosts who carry out this activity without getting paid. I haven't seen any evidence provided by Gresham to show Mr L was getting payments for any work using this equipment, so I don't think it's reasonable to say the equipment was for business or professional use.

Mr L has provided evidence that he was in receipt of Job Seekers Allowance at the time of the claim, which is usually provided to someone who is seeking out paid employment. Careful checks are normally carried out before these benefits are paid. So, I think Mr L has provided some formal evidence to support his statement that he didn't use his equipment for business or professional use. If he did, it's unlikely he would've been able to claim an unemployment benefit.

I've decided to uphold this complaint. Mr L has never said he has used his equipment for business or professional use, and he provided evidence he's in receipt of job seekers allowance. Gresham hasn't provided any significant evidence that Mr L used his equipment for business or professional use. Therefore, as personal effects are covered by the policy, I require Gresham to settle this claim in line with the remaining terms and conditions of the policy. As Mr L has been inconvenienced by the delay to his claim, I award £100 compensation for distress and inconvenience.

My final decision

My final decision is I uphold this complaint. I require Gresham Insurance Company Limited to:

- Settle the claim in line with the remaining terms and conditions of the policy
- Pay Mr L £100 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 4 May 2022.

Pete Averill
Ombudsman