

The complaint

Mr R has complained about Hiscox Insurance Company Limited's decision to turn down his claim under his Cycle Insurance policy.

What happened

Mr R's fold-up bike was stolen from a train and he claimed under his policy for it. Hiscox turned his claim down on the basis his bike wasn't under his personal supervision when it was stolen. Mr R wasn't happy and complained, but Hiscox wouldn't alter its position.

Mr R asked us to consider his complaint about Hiscox. One of our investigators did this. Originally he suggested it should be upheld. But, after further representations from Hiscox, he said it was entitled to turn down Mr R's claim.

Mr R doesn't agree with the investigator's view and has asked for an ombudsman's decision. He thinks the term 'personal supervision' is so ambiguous as to be unfair. He's said it would have been fairer if the policy had made it clear his bike 'must be within arms reach' or something similar. He's said that because the policy is sold to cover a bike which is usually carried on commuter trains, the way Hiscox applies the exclusion clause its relied on renders the policy worthless. He's said he did not have the option to lock the bike to the train, as this is not allowed by the train operator's conditions of travel. And he has also said there was no apparent indication in the policy documents that theft from the train wouldn't be covered.

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.

Mr R's policy provides the following cover:

'We will insure your cycle, up to the amount insured, against accidental damage and theft occurring during the period of insurance. We will insure your cycle while:

- a. at your home; and*
- b. while away from your home.'*

However, under what is not covered it states the following:

'theft away from your home unless:

- a. the cycle and accessories are under your personal supervision; or*
- b. the cycle is secured through the frame by an approved lock to an immovable object; or*
- c. the cycle is secured through the frame by an approved lock to an official cycle rack provided by the railway station; or*
- d. the cycle is clearly labelled and stored in a designated cycle storage carriage of a train, or in the custody and control of the rail network operator or their agents; or*

e. the cycle is adequately and professionally packed and stowed in the hold of an aircraft or boat, or in the custody and control of an airport or seaport operator or their agents; or
f. the cycle is completely contained within a motor vehicle and the motor vehicle was fully locked with all security protections in force and the theft is a direct result of violent and forcible entry to the motor vehicle by the thieves; or
g. the cycle is stolen from the transition area of an organised competitive triathlon or biathlon or the pit area of an organised competitive cyclo-cross event in which you are participating.'

This means Hiscox would need to meet Mr R's claim unless one of the above mentioned exclusion clauses can be fairly applied to turn it down. The only relevant exclusion for the circumstances give rising to Mr R's claim is a. above. And this is the clause Hiscox has relied on to turn down Mr R's claim.

While I appreciate Mr R's frustration at having his claim turned down, I am satisfied that Hiscox was entitled to rely on this exclusion clause to do this. I'll explain why.

I do not consider the term personal supervision to be ambiguous. I think it clearly denotes a level of observance, as opposed to just leaving an item and paying no attention to it. I do not think it means the insured person needs to have the item at arms-length. I think it simply means the insured person needs to be in a position to observe the insured item and intervene if someone interferes with it. This is not to say they would actually have to intervene, but they must at least be in a position to do so. I think observation does require the insured person to pay some attention to the insured item, but this doesn't mean they must never take their eyes of it. What is required will obviously depend on the situation and proximity of the item.

In Mr R's case I think he needed to be keeping some sort of watch on his bike and – at the very least – he needed to be watching it more closely when the train was in stations, as this was the most likely time it was going to be stolen. While the train was in progress this was much less likely, so he could have been said to have it under his personal supervision by just glancing up occasionally. But, according to his statement of the theft, Mr R paid no real attention to his bike after he sat down. I say this due to the following section of his statement:

'As it had been an exceptionally long and damp day, I was paying little attention to my surroundings. While the bike was within sight, I wasn't watching it continuously, but I recall having looked for it (it could be seen in a reflection in a window) shortly after departing the preceding station...'

This suggests he didn't look at his bike at all after the train left the preceding station and that he did not check on it at all at the station where it was stolen. In view of this, I do not consider it can be said to have been under his personal supervision. And this means it was not covered by his policy at the time it was stolen.

I do not agree that the fact the insured bike needs to be under personal supervision renders the policy worthless. I say this because I believe it is possible to have a bike on a train and keep it under personal supervision, even if it is not within reach due to space constraints and how busy the train is. And I think the way the exclusion clause is worded is clear enough for a policyholder to understand what is required for their bike to be covered if they take it on a train.

I would have expected the exclusion clause to have been highlighted when Mr R bought his policy. And it should have been included in a policy summary or Insurance Product Information Document Hiscox sent in addition to the full policy wording. However, Mr R

hasn't argued he wasn't aware of the exclusion clause. He has simply said he didn't appreciate what Hiscox meant by personal supervision. And – as I have already explained - I consider the term is clear enough for an insured person to understand what is required of them to personally supervise their bike.

In summary, while I do sympathise with Mr R's financial loss, I am satisfied Hiscox was entitled to turn down his claim. Therefore, it is not appropriate for me to uphold his complaint.

My final decision

I do not uphold Mr R's complaint about Hiscox Insurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 6 March 2024.

Robert Short
Ombudsman