

The complaint

Mr and Mrs R complain about the settlement U K Insurance Limited trading as Direct Line (“UKI”) offered in relation to a claim they made under their home insurance (contents) policy.

Mr and Mrs R are joint policyholders. As most of the communication relating to the complaint has been from Mr R, I’ll refer mainly to him in my decision.

What happened

In June 2023, Mr and Mrs R took out a home insurance (contents) policy with UKI. In August 2023, they made a claim under the policy after suitcases were stolen from their car while it was parked outside a hotel overnight.

UKI told Mr R there was a policy limit of £2,000 for theft from an unattended vehicle. Mr R said he wished to challenge this because this wasn’t stated in his policy schedule. UKI said information on the limit was in the policy booklet which had been sent to Mr R when he took out the policy. It offered to settle the claim by paying £2,000 minus the £250 policy excess.

Mr R said he was not prepared to accept UKI’s offer and raised a complaint.

UKI said it had correctly advised Mr R that a limit of £2,000 would apply to his claim and referred to the wording in the policy’s terms and conditions. It said it had sent the policy booklet by post and the documents were also available to be viewed electronically. It apologised for issues Mr R had experienced when trying to access the policy booklet via UKI’s online portal. But it said it wasn’t aware of the issue until Mr R had to make a claim.

Mr R remained unhappy and asked our service to consider the matter.

I issued a provisional decision on 12 February 2024, where I explained why I intended to uphold Mr and Mrs R’s complaint in part. In that decision I said:

“I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Based on what I’ve seen so far, I intend to uphold Mr and Mrs R’s complaint in part. I’ll explain why.

I’ve considered everything Mr R has told our service, but I’ll be keeping my findings to what I believe to be the crux of his complaint. I wish to reassure Mr R I’ve read and considered everything he has sent in, but if I haven’t mentioned a particular point or piece of evidence, it isn’t because I haven’t seen it or thought about it. It’s just that I don’t feel I need to reference it to explain my decision. This isn’t intended as a discourtesy and is a reflection of the informal nature of our service.

Policy sale

Mr R took out the policy online, so UKI didn't need to advise him of its suitability. However, it was required to provide him with information that was clear, fair and not misleading to allow him to make an informed decision before he took it out. UKI had a duty to provide and draw attention to important information and Mr R needed to read the information available to him before taking out the policy.

Mr R says UKI didn't make it clear that there was a £2,000 limit for personal possessions stolen from an unattended vehicle. He says he relied on the information in the policy schedule.

UKI says this information is showing in the policy booklet which is available on its website. It says Mr R was sent a welcome letter after he took it out which asked him to check he was happy with the cover options he had. The policy schedule says it should be read in conjunction with the policy booklet and kept in a safe place.

The policy schedule shows an "unspecified items" limit of £5,000 next to "personal possessions". It also says: "This Schedule forms part of the policy. Read it in conjunction with the policy booklet and keep it in a safe place."

I appreciate that the £2,000 limit for theft from an unattended motor vehicle doesn't show on the policy schedule. However, I don't think this is an unusual or onerous term. So, I'm not persuaded that UKI needed to highlight it or draw it to Mr R's attention beyond stating it clearly in the policy booklet.

Mr R says the policy documents weren't sent to him by post. He says the process defaults to paperless records, and he didn't request paper documents be sent. He says he didn't receive any correspondence in relation to the policy by email either and has provided a screenshot of his email inbox. He's also commented that there is no access to the policy booklet when purchasing the policy using a mobile device.

Mr R says he had no access to the policy booklet either prior to making a purchase or during the 14-day cooling off period. The next time he had cause to visit his policy was when his and his family's belongings were stolen on the way to their summer holiday. The policy wasn't available to him within the client portal.

UKI has acknowledged that Mr R had difficulty accessing the policy booklet via the online portal. However, it says it wasn't made aware of any issue prior to Mr R making his claim. According to its notes, UKI went through the portal with Mr R when discussing his complaint. It's noted that Mr R got an error message when clicking on a link to the policy booklet. But he was able to access it when he clicked on a different link.

UKI hasn't provided evidence to show that the policy booklet was sent to Mr R by post or by email. But I've checked UKI's website, and I'm satisfied the policy booklet is available to view online. I was able to access the policy booklet using a mobile device without getting a quote. So, it's unclear why Mr R hasn't been able to do so.

In any event, Mr R doesn't appear to have made UKI aware that he was unable to access the policy booklet until after he made his claim. So, I don't think it would be fair for me to hold UKI responsible for Mr R not reading the terms and conditions prior to taking the policy out or making his claim.

Claim settlement

The policy's terms and conditions say that for personal possessions the most UKI will pay for any claim will be "£2,000 for theft from an unattended motor vehicle."

I can see that Mr and Mrs R were claiming for stolen items costing almost £6,000 to replace. UKI doesn't appear to have concerns about the validity of the claim. Yet it only appears to have paid Mr and Mrs R £1,750 after taking off the £250 policy excess.

I don't think it's unfair for UKI to limit the amount of the settlement in line with the policy's terms and conditions. However, the terms say the most it will pay is £2,000. Our service would normally expect an insurer to take the excess from the full cost of the claim and cover the remaining amount, up to the policy limit. So, I think UKI should increase the claim settlement to £2,000. It should also pay interest on the additional £250 at 8% simple per year from the date the settlement was paid until the date the additional amount is paid."

I set out what I intended to direct UKI to do to put things right. And I gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

Responses

Mr R said that after receiving my provisional decision, he'd undertaken two pieces of research. He'd started an application for home insurance using his mobile phone and had also tried to access his policy booklet in the area entitled "*Your Personal Policy Documents*".

He said he went as far as the payment screen when applying for the policy. He found that throughout the process, it provides information and click reveals that allow the purchaser to see additional information, which does include the policy schedule, but this does not extend to the actual policy booklet. If the information is there it's not clear and would not allow him to make an informed decision before making payment.

Mr R said he was still receiving an error message when trying to access his policy booklet on the customer portal. This hadn't been resolved despite UKI having acknowledged the error. He believes it's unfair and wouldn't allow him to make an informed decision during the buying, cooling-off period or in the event of a claim.

He commented that its best practice to ensure key buying considerations are not buried and multiple clicks are not required to access simple information.

Mr R also commented that the whole experience has been very traumatic for him and his family. He says they took out the insurance policy to give them peace of mind when leaving the house, especially given his medical condition which requires enforced stays in hospital, and this experience has been anything but.

UKI said it accepted it had made an error in the payment to Mr and Mrs R and it should have paid the full £2,000. It was clear it should have taken the excess off the full claim costs and covered the remaining amount, up to the policy limit.

However, UKI thought it was correct to not uphold Mr R's complaint because he hadn't complained about receiving less than the £2,000 limit. It said it would like the opportunity to log the settlement error as a new complaint, which it would investigate and compensate Mr and Mrs R for accordingly. It felt this complaint should be not upheld and not resolved in the favour of Mr and Mrs R as it had made the correct decision about the limit of the claim.

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 note what Mr R has said about not having sight of the policy booklet during the application process. However, as I said in my provisional decision, I'm satisfied the policy booklet is available on UKI's website (including the mobile view). This can be accessed by scrolling down the home insurance page, without needing to go through the application process.

I appreciate the policy booklet might not have been where Mr R expected to see it on UKI's website. However, Mr R also had the option of contacting UKI via telephone or online chat for assistance prior to taking out the policy. And I haven't seen anything to suggest that he did. So, I'm not persuaded that he didn't have the opportunity to review the policy booklet prior to taking out the policy.

I understand it has been upsetting for Mr R and his family to have their belongings stolen and then find their insurance didn't cover their loss as expected. I expect this has been particularly difficult for them, given that Mr R is getting treatment for a serious medical condition. While I empathise with them, I can't tell UKI to pay more than they are entitled to under the terms of the policy.

I appreciate UKI feels its error in paying below the £2,000 limit shouldn't be considered as part of this complaint because Mr R didn't raise this particular point. However, the rules set by the Financial Conduct Authority require UKI to investigate a complaint "*competently, diligently and impartially, obtaining additional information as necessary*" and "*assess (it) fairly, consistently and promptly...the subject matter of the complaint.*"

The crux of Mr R's complaint was that the settlement UKI paid was too low. So, I'm satisfied that UKI's error in paying below the £2,000 limit was part of the subject matter of the complaint.

It's unfortunate that UKI didn't spot this error in its own investigation of Mr R's complaint. However, I'm not persuaded that this is a separate matter. And I don't think it would be fair to Mr and Mrs R if UKI was given another opportunity to deal with it.

Putting things right

UKI should:

- Increase the claim settlement to £2,000 and
- Add interest to the additional £250 at 8% simple per year* from the date the claim settlement was paid until the date the additional amount is paid.

*If UKI considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr and Mrs R how much it's taken off. It should also give Mr and Mrs R a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons I've explained, I uphold Mr and Mrs R's complaint and direct U K Insurance Limited to put things right by doing as I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R and Mr R to accept or reject my decision before 22 March 2024.

Anne Muscroft
Ombudsman