

The complaint

A company, which I'll refer to as E, complains that Hiscox Insurance Company Limited (Hiscox) unfairly declined a claim under its commercial insurance policy.

What happened

E took out a commercial insurance policy with Hiscox. In December 2024, it made a claim for theft following an incident where tools were stolen from its vehicle. Hiscox declined E's claim on the basis that the policy requirements weren't met as the items weren't 'completely hidden'. Hiscox said the terms and conditions of the policy had therefore not been met.

E said the items were placed under a tarpaulin in the back of its locked vehicle, which also has tinted windows. E believes by taking these steps, the items were 'completely hidden' as they were out of sight. E feels that Hiscox have unfairly declined its claim.

Hiscox said that although the windows were tinted, you can still see through them, but in any event tinted windows do not meet the policy terms of 'completely hidden'. Hiscox also considered what E said about the tarpaulin. They thought that by covering the items with a tarpaulin would have raised suspicion that there was something of value hidden underneath. Hiscox therefore feels that this increased the risk of a break in.

Unhappy with Hiscox's response, E referred its complaint to the Financial Ombudsman Service. Our Investigator considered the complaint and thought that Hiscox hadn't acted fairly and reasonably when declining E's claim. He said he was satisfied that E took reasonable care to ensure the items were covered up and therefore it was fair and reasonable to conclude they were 'completely hidden'.

Hiscox didn't agree with our Investigator and therefore the complaint was referred to me to consider.

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 going to uphold this complaint. I'll explain why.

I've read and carefully considered everything E and Hiscox have said. However, my findings focus on what I consider to be the central issues, and not all the points raised.

There is no dispute that items were stolen from E's vehicle.

The terms and conditions which Hiscox have relied on to decline E's claim says:

"What is not covered:...

e. theft of tools and equipment from an unattended vehicle unless the tools and

equipment are completely hidden within a locked vehicle, luggage compartment, roof box, boot or trailer and all security protections fitted to the vehicle are in full and effective operation”

It's not in dispute that the vehicle was locked. Hiscox argues that items weren't 'completely hidden' as per the policy terms and therefore declined E's claim.

Hiscox also raised with the Financial Ombudsman Service that E only told them the items were covered with a tarpaulin after the claim was declined. But I note that in their response to the Investigator's view, Hiscox also said they don't dispute E took care to cover the items. I have seen photos of the tarpaulin that E says was used in the vehicle and I have no reason to doubt that it wasn't.

I have given careful consideration to whether Hiscox have acted fairly and reasonably when saying the items were not 'completely hidden'. Having done so, I don't think they have. I will explain why.

Hiscox have said that the tarpaulin would have raised further suspicion from a thief and fails to meet the policy terms because it can still be determined that there are items of value under the covering. I'm not persuaded this is what happened here, and I also need to consider that the vehicle may have been targeted by a thief for another reason.

I note that the policy terms and conditions do not define what is meant by 'completely hidden'. I have therefore taken the ordinary meaning which is that it's out of sight. When looking at photos of the vehicle, I can see that the items were placed at the back, in unbranded boxes, which were covered with a thick black tarpaulin sheet. In the circumstances, I think it would be difficult to see what is underneath. Hiscox have also said that they don't dispute E took care to cover the items. I'm satisfied that items were out of sight and therefore 'completely hidden'.

As the items were 'completely hidden', I don't think the exclusion applies and therefore I'm not persuaded Hiscox have acted fairly and reasonably in this particular case by declining the claim. To put things right Hiscox needs to reconsider the claim in line with the remaining policy terms.

My final decision

For the reasons explained above, my final decision is that I uphold this complaint. I require Hiscox Insurance Company Limited to reconsider E's claim under the remaining policy terms.

Under the rules of the Financial Ombudsman Service, I'm required to ask E to accept or reject my decision before 12 August 2024.

Ankita Patel
Ombudsman