

The complaint

Mr C has complained that Tesco Underwriting Limited (Tesco) unfairly dealt with a claim under his car insurance policy.

What happened

Mr C made a claim when items were stolen from his car. These items were a games console, radio transmitter and sunglasses. Tesco considered the claim and asked Mr C to provide photos of the items and a quote for the games console.

Mr C later provided the requested information. He also provided a receipt showing the games console was fitted when the car was first purchased. However, because this was 20 years ago, Mr C asked Tesco to make a reasonable offer towards the cost of it. Tesco told Mr C that because of the policy excess, the increase in premiums for the next three years if it settled this claim and the age of the games console, it couldn't make a viable offer for the claim. Mr C then said he didn't want to continue with the claim.

Tesco closed the claim as notification only. But Mr C said his new insurer then contacted him and increased the premium because it said it hadn't been aware of this claim when he took out the policy. Mr C later complained and said he wanted Tesco to make a settlement offer for the claim.

When Tesco replied to the complaint, it said Mr C had claimed for a games console and radio transmitter, which weren't factory fitted. These were considered modifications and should have been disclosed when he took the policy out. Because this hadn't happened, it said it was unable to cover these items. It said that if it had been aware of the modifications, the price of the policy would have increased by 25%. It also said the age of the games console meant a replacement wasn't an option due to the vehicle wiring. It said it was unable to cover the stolen sunglasses because the excess was higher than their value. However, it said its level of service had fallen short. So, it offered £200 compensation.

Mr C remained unhappy so complained to this service. Our Investigator upheld the complaint. She said Tesco wasn't responsible for the new insurer increasing the premium and Mr C had also taken a while to provide the requested information to support his claim. However, she didn't think it was fair for Tesco to say Mr C had provided incorrect information about modifications and as a result didn't think it fair to say it would have charged a higher premium. She said Tesco shouldn't have declined the claim because of the modifications. But she said the current value of the console might have meant it wasn't worth Mr C claiming for it and the other items had a £200 limit per incident. The Investigator said Tesco could have identified these issues and raised them with Mr C much sooner. She said Tesco's communication was also limited and there were several unanswered emails. She said Tesco should pay a total of £400 compensation because of the impact all this had on Mr C.

Tesco didn't agree with the increased compensation, so the complaint was referred to me.

I issued my provisional decision on 6 June 2024. In my provisional decision, I explained the reasons why I was planning to uphold the complaint. I said:

I've looked at the full history of the claim. I think Tesco has been inconsistent in how it dealt with the claim, including the reasons it gave Mr C to explain why it couldn't deal with it. From what I can see, it was only when Tesco responded to the complaint that it told Mr C he should have declared the modifications and said it should have charged a higher premium. Although it didn't directly say this, in effect, what Tesco was saying was that Mr C made a misrepresentation under the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). So, I will consider whether it was fair for Tesco to say this.

The policy documents show that when Mr C took out the policy, he was asked to answer "yes" or "no" to the statement:

"The vehicle has been adapted, altered or modified from the manufacturers original specification that alters its performance (such as engine or exhaust modifications or changes) or appearance (such as bodykits, spoilers, alloy wheels, lower suspension or blacked out windows), other than manufacturer options fitted to the car from new or adaptations made purely for disabled use (such as hand controls and wheelchair access)"

Mr C answered "no". Mr C provided Tesco with a receipt from when he purchased the car twenty years previously. This showed that when the car was purchased from the manufacturer, the dealership included the fitting of the games console on the car order form. So, I think it's reasonable to say it was a manufacturer option fitted to the car from new. I also don't think it would be fair to say the games console or the radio receiver altered the car's performance or appearance in a way that was suggested by the examples given in the policy wording. So, I don't think it's fair for Tesco to say Mr C answered this question incorrectly. He therefore didn't make a qualifying misrepresentation under CIDRA. This meant Tesco wouldn't have been entitled to apply a remedy under CIDRA.

Looking at the policy wording, Section L explained there was cover for in car entertainment equipment and said:

"We will pay the cost of repairing or replacing the car's audio, navigational, telephone and entertainment equipment caused by accidental or malicious damage, vandalism, fire theft or attempted theft up to the following amounts:

- a) Unlimited cover for equipment fitted as original by the manufacturer; or*
- b) £1,000 for any other equipment provided this equipment is permanently fitted to the car."*

Mr C has told this service that the console was in a factory matched box and carpeted in the same material as the car interior. The wiring was also integrated into the car's systems and the screens were professionally fitted into the headrest. So, I think it's fair to say the console was permanently fitted by the manufacturer. This meant there was cover under the policy for it.

When Tesco looked at the claim, it assessed that the games console was likely to be worth less than £100. However, even if that was the case, Mr C told Tesco the console wiring was damaged during the theft and would need to be repaired. Looking at the policy wording, this covered repairing or replacing in-car entertainment systems and I think it's reasonable to interpret that as including fitting costs.

Tesco had told Mr C to get a quote for fitting the console. Mr C has said the original fitting cost was £947.47. He also said the only way to get a quote for fitting the games console now was to pay for a company to do so. He only wanted to pay for the quote if he knew the fitting was covered. Based on the policy wording, I think the policy covers the fitting. So, either Mr C needs to provide a quote so Tesco can pay for the games console and its fitting. Tesco

must then pay the costs for the quote as part of settling the claim. Or, if Tesco prefers, it can arrange the quote for the fitting itself.

Mr C also wanted to claim for the radio receiver. For the radio receiver to be covered under the In Car Entertainment section of the policy, it needed to be permanently fitted to the car. Mr C told this service that the radio aerial and fixing kit were permanently fitted to the car and the receiver that was stolen was on a bracket. So, I think the radio receiver was permanently fitted to the car and was covered under the In Car Entertainment section of the policy. So, Tesco should settle this part of the claim.

For the sunglasses, the only part of the policy these could be covered under was Section G, Personal Belongings. This part of the policy said that for Personal Belongings cover to be available, the policyholder needed to make a claim under Section A, Damage to the Car, or Section C, Fire and Theft. However, Mr C's claim was under Section L of the policy, In Car Entertainment. So, it wasn't possible for Mr C to make a claim under the Personal Belongings section and there was no cover for the sunglasses elsewhere in the policy. As a result, I don't think Tesco needs to settle the claim for the sunglasses.

I'm also aware that when Mr C asked to withdraw the claim and for it to be recorded as notification only, Tesco told him it wouldn't affect his premiums if it was recorded in this way. Even if I take this as only referring to future premiums with Tesco, Tesco has now said that information was wrong. It has said it would have affected his Tesco premiums. So, Tesco provided Mr C with incorrect information, which I think is poor customer service.

I think Tesco handled this claim poorly and didn't assess the full circumstances of the claim and the cover available under the policy. I think it also gave Mr C incorrect and inconsistent information, including when it responded to the complaint. So, I currently intend to say Tesco should pay Mr C £400 compensation to recognise the impact on him of its claim handling. This includes the £200 Tesco previously offered.

I asked both parties to send me any more information or evidence they wanted me to look at by 4 July 2024.

Tesco replied and said it had nothing further to add. Mr C said he was pleased with my decision. However, he queried the part of my decision about the sunglasses. He said this was the only part of the claim Tesco didn't dispute, but that because the sunglasses were about the same value as the excess, he was advised not to claim for them. He said if this couldn't be claimed for due to a technicality, he was fine with that and was still very happy with the provisional decision that had been made.

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 uphold this complaint and for the reasons given in my provisional decision. When I made my decision, I was aware Tesco had, in effect, agreed there was a valid claim for the sunglasses but, due to the excess, had said they weren't worth claiming for. I also checked the policy wording for each aspect of this claim to look at what the policy wording said it covered.

Following Mr C's comments, I've looked again at the policy wording to check my understanding of the cover. I remain of the view that Tesco doesn't have to settle the claim for the sunglasses. This is because claims for personal belongings were only payable if a

claim was made under sections A or C. But Mr C's claim was under section L, In Car Entertainment.

Having reviewed this complaint again, along with Mr C's comments, I think it's fair and reasonable to uphold this complaint and for the reasons given in my provisional decision.

Putting things right

Tesco should settle the claim for the games console and its fitting, as well as for the radio receiver. It should also pay £400 compensation.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that this complaint is upheld. I require Tesco Underwriting Limited to:

- Settle the claim for the games console and its fitting. If Tesco requires Mr C to obtain a quote for the fitting, as part of settling the claim, it must cover any costs Mr C pays to obtain the quote. Alternatively, if it prefers, Tesco can obtain the quote itself.
- Settle the claim for the radio receiver.
- Pay a total of £400 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 5 August 2024.

Louise O'Sullivan
Ombudsman