

## The complaint

Mrs C and Mrs G have complained that their policy was mis-sold by Avantia Insurance Limited because it didn't make them aware of a limit applying to accidental damage claims for carpets.

This complaint was set up against AXA Insurance, but we have changed the business it is about to Avantia, as it sold the policy in 2022 and arranged the renewal of it in 2023 using one of its trading names.

## What happened

Mrs C and Mrs G's carpet was damaged by candle wax and they made a claim against their policy. The carpet couldn't be cleaned and needed to be replaced. Mrs C and Mrs G were asked to obtain two quotes for replacement and told an excess would be deducted. They obtained two quotes and were then told that a £750 limit applied to claims for accidental damage to carpets and that they would only receive £750 in settlement of their claim.

Mrs C and Mrs G complained to Avantia saying they were not made aware of this limit. It didn't uphold their complaint, as it said they were told they needed to check the specific terms and conditions of the policy when they bought it. And they pointed out that they had confirmed they had read and understood the terms and that they were comfortable with them.

Mrs C and Mrs G asked us to consider their complaint. When they did so, as well as complaining that the policy was mis-sold, they mentioned they'd not received an acceptable level of service on the claim itself.

One of our investigators considered Mrs C and Mrs G's complaint. He didn't think it should be upheld as he was satisfied Avantia had done enough when it sold the policy.

Mrs C and Mrs G didn't agree with the investigator's view and asked for an ombudsman's decision.

I issued a provisional decision on 19 November 2024 in which I set out what I'd provisionally decided and why as follows:

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

*Under the rules that cover the sale of general insurance policies, when Avantia sold the policy to Mrs C and Mrs G in 2022, it was required to give them appropriate information about the policy in good time and in a comprehensive form so they could make an informed decision on whether the policy was right for them. The rules also said appropriate information is both objective and relevant information and included information in the Insurance Product Information Document (IPID). And it needed to include the policy terms, including its main benefits, exclusions, limitations and conditions. Avantia also needed to do the same when the policy renewed in 2023. I also consider that as a matter of good industry*

*practice Avantia needed to highlight any particularly unusual exclusions or limitations.*

*I think the fact Avantia was required to provide details of the main benefits, exclusions, limitations and conditions meant it needed to do more than simply send a copy of the policy document and IPID, and get Mrs C and Mrs G to confirm they'd read and understood the terms and were comfortable with them. I think Avantia needed to specifically highlight the main benefits, limitations, exclusions and conditions and make sure Mrs C and Mrs G were comfortable with these. And because I consider the limit of £750 for accidental damage to carpets is an unusual limitation, I think it needed to specifically highlight this limit.*

*Avantia didn't do what I've described above either when it sold the policy to Mrs G and Mrs C or when it renewed it. Therefore, I think it failed to meet its obligations. And because of this Mrs C and Mrs G bought the policy not appreciating the limit for accidental damage to carpets. And I think if they had understood this limit applied they wouldn't have agreed to buy the policy or renew it. I say this because Mrs C and Mrs G have said their previous policy did not have such a limit and from what they've said cover for carpets was important to them. And I can understand this, as carpets are one of the most expensive things amongst their contents to replace and very easily damaged accidentally.*

*If Mrs C and Mrs G had bought a different policy without the limit (which I think would have been straightforward to find at a similar price) then their claim payment would not have been limited to £750 and they'd have received the full replacement cost of their carpet, which was £2,424.70, less whatever the excess would have been under the other policy they bought. It is obviously hard to know what this excess would have been. But from what they've said it seems Mrs C and Mrs G would have been happy with one of £250. So I think it would be fair for this to be deducted.*

*This means I have provisionally decided the fair and reasonable outcome to Mrs C and Mrs G's complaint is for Avantia to pay them an additional £1,424.70 to compensate them for the fact they received less in settlement of their claim due to its failure to meet its obligations. It's not clear whether Mrs C and Mrs G have actually paid to have their carpet replaced. But, bearing in mind prices do go up and Mrs C and Mrs G have been without the money to replace their carpet for a long time, I think it is fair and reasonable for Avantia to add interest to this compensation at 8% per annum simple from the date the insurer offered the payment of £750 to the date it pays Mrs C and Mrs G.*

*I appreciate Mrs C and Mrs G also feel the service they received on their claim was poor. But, although this service was provided by Avantia, it provided it on behalf of the insurer. So if Mrs C and Mrs G want to complain about this they will need to raise a new complaint about the insurer through Avantia.*

### ***My provisional decision***

*For the reasons set out above, I've provisionally decided to uphold Mrs C and Mrs G's complaint about Avantia Insurance Limited and require it to pay them an additional £1,424.70 plus interest as set out above.*

I gave both parties until 3 December 2024 to provide further comments and evidence in response to my provisional decision.

Mrs C has responded to say that she never received the policy booklet Avantia told her it had sent. And she was not told about the limit on claims for accidental damage to carpets. She is sure that if she had been told she would not have changed from her previous insurer.

Avantia has responded and made the following further comments:

Mrs G purchased the policy online and the sale was conducted on a non-advised basis. And because the sale was non-advised it didn't need to make sure the policy was suitable for Mrs C and Mrs G's needs. However, it accepts it did need to provide information that was clear, fair and not misleading which enabled Mrs G to make an informed decision on whether the policy was suitable for her and Mrs C. As far as it is concerned it was Mrs G's responsibility to make sure it was suitable for her and Mrs C as the full terms and conditions were available to her online before she purchased the policy.

On the day of the sale it sent an email with a welcome letter, which explained where the full policy wording could be found; with a link to the full policy documentation for ease of reference. And it expects new policyholders to read the policy documentation and make sure the policy they've purchased is right for them. And, if they're not happy with it, the policyholder than then cancel it without a financial penalty in the cooling off period.

### **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.

It was actually Mrs C who bought the policy online, as opposed to Mrs G. And I understand Mrs C's point that she did not receive the policy document. However, it does seem a copy of this was available for her to view online before she purchased the policy and that she was sent an email with a link to the policy documentation after she did so. However, this does not mean Avantia fulfilled its obligations for the reasons explained in my provisional decision.

Avantia has not said why it doesn't think it needed to highlight the main benefits, limitations, exclusions and conditions when it sold the policy, although I do agree it didn't need to make sure Mrs C and Mrs G were comfortable with these. It just needed to make sure they were aware of them before they purchased the policy. And, as I also explained in my provisional decision, simply providing access to the full policy document and the IPID was not enough either when Mrs C bought the policy or when it came up for renewal. I say this because Mrs C shouldn't have had to read the full policy document to discover there was a limit of £750 for accidental damage to carpets, when this is a significant and unusual limitation, which wasn't specifically mentioned in the IPID. So I remain satisfied that Avantia didn't fulfil its obligations and that, if it had, Mrs C wouldn't have purchased the policy and would either have stuck with her and Mrs G's existing policy or made sure she purchased a different one without such a limit.

### **Putting things right**

It remains my view that for the reasons set out above and in my provisional decision, that the fair and reasonable outcome to Mrs C and Mrs G's complaint is for it to be upheld and for Avantia to pay them an additional £1,424.70 to compensate them for the fact they received a lower amount in settlement of their claim than they would have done if Avantia had fulfilled its obligations. And I also think interest needs to be added to this amount to compensate them for being without these funds.

### **My final decision**

I uphold Mrs G and Mrs C's complaint about Avantia Insurance Limited and require it to pay them £1,424.70 in compensation, plus interest at 8% per annum simple from the date their insurer offered them £750 in settlement of their claim to the date of payment.\*

\* Avantia must tell Mrs G and Mrs C if it has made a deduction for income tax. And, if it has, how much it's taken off. It must also provide a tax deduction certificate for Mrs G and Mrs C if asked to do so. This will allow Mrs G and Mrs C to reclaim the tax from His Majesty's Revenue & Customs (HMRC) if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mrs G to accept or reject my decision before 19 December 2024.

Robert Short  
**Ombudsman**