

complaint

Mr L is unhappy that St Andrew's Insurance plc didn't notify him of a change to his policy.

background

Mr L took out a landlord's buildings insurance policy in May 2009. He had cause to make a claim for damage caused by bed bugs in 2017. But when he submitted the claim St Andrew's told him there were policy exclusions in place which meant there was no liability under the policy.

St Andrew's specifically referred to the following term:

Uninsurable causes:

Any loss or damage caused by:

Fungus, moths, vermin, insects, parasites, woodworm or beetles. Vermin are animals or insects that are destructive in their natural behaviour or are considered pests or nuisances, examples include rodents, weasels, squirrels, flies and cockroaches.

We considered a separate complaint for Mr L in which we said the claim had been fairly declined. Mr L then said that the policy terms had been changed without him being notified. He was unaware that parasites had been excluded from cover. And so a new complaint was started.

St Andrew's said it had included the change in updated policy terms sent earlier in 2017. It appears Mr L may not have received those terms but St Andrew's maintained its position. It said it couldn't be held responsible for post not being received.

Mr L was unhappy with the response and so asked us to investigate. One of our investigators looked at what had happened and didn't uphold the complaint. She felt that the addition of the word 'parasites' to the terms made little practical difference as Mr L's claim would still have been declined under the old terms. That was on the basis that bed bugs were a parasitic insect, meaning the pre-existing exclusion applied anyway.

Mr L thought there was some debate over whether bed bugs could be classed as an insect.

Our investigator maintained her view and so Mr L asked for an ombudsman to decide the case.

my findings

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 not upholding it. I'll explain why.

Mr L was sent updated terms and conditions in April 2017. I've seen sufficient evidence to satisfy me of that. And those terms did include the new wording on parasites, though it wasn't highlighted as a significant change.

Mr L is right about needing to be notified of significant changes to his policy wording. Such changes should be clearly set out for him so he can make an informed choice about continuing his cover. But I don't think the inclusion of the word 'parasites' into the terms

represents a significant change here. Particularly in the context of the claim he's trying to make, where damage has been caused by a household pest.

Mr L's policy has always contained an exclusion for damage caused by insects. And there's no disagreement there. But Mr L has suggested that a bed bug shouldn't necessarily be classed as an insect.

There isn't a definition of an insect in the policy. So I've taken what I think would be a fair and reasonable meaning of one to be. And I agree with both St Andrew's and our investigator that a bed bug could fairly be referred to as an insect. With that in mind it's difficult to see how the change in terms makes a practical difference to the outcome of Mr L's claim. But I should make it clear that my decision is not about the claim. It's about the change in policy terms and whether Mr L was suitably notified of those changes.

As I think a bed bug can fairly be described as an insect I don't believe there's been a failing on the part of St Andrew's which should mean there's a change in outcome here; there wasn't a significant change to the policy wording here. There's certainly not enough to suggest that Mr L's claim should be paid on the basis of St Andrew's didn't draw attention to the inclusion of the word parasites into the terms.

There's also a question of what Mr L would have done differently if the change in terms had been specifically brought to his attention. I think it's unlikely he would have sought different cover with another provider to specifically include protection for parasites whilst insects were still excluded. And so I think the change in wording not being specifically highlighted has had little impact here.

my final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 29 October 2018.

Ben Murray
ombudsman