

Household contents insurance

What is household contents insurance

Household contents insurance (sometimes known as home contents insurance) covers most of your personal belongings and household possessions against loss or damage. This includes furniture, domestic equipment, electrical appliances, furnishing, clothing, food and drink, some valuables and cash up to a certain limit.

Household contents insurance covers the possessions belonging to you and to close family members who live with you. This usually means that the belongings of your husband, wife, civil partner, children, parents and other close family members living with you are protected. Some insurance companies automatically include people who are cohabiting in their definition of 'family members', but you may want to check. A friend who lives with you or who is staying with you would not normally be covered, unless their name was included in your policy. There is no legal requirement for you to take out household contents insurance, but it is advisable for you to do so.

Your household insurance policy usually covers damage to your possessions caused by fire, flooding, and storm damage, as well as theft. **Accidental damage** or loss to household items are not usually covered by your insurance policy. The only exceptions are mirrors and fixed glass in furniture and televisions. You can often extend your policy to cover accidental damage to all of the contents of your home. You will have to pay extra for this.

Most household contents policies give **'new for old' cover**. This means that you will get the full cost of replacing an old item with a new one if it is damaged or stolen. However some items, for example clothing and bedding, are not usually covered on a new for old basis.

Household contents insurance usually also provides cover for **payment of a lump sum** of money if you or your spouse die as a result of a fire, theft, or an accident in your home. It can also cover your legal responsibility if someone is injured or dies when they visit your property.

Household contents insurance policies do not usually cover **personal possessions taken out of the home**, for example, cameras, jewellery or sports equipment. However, you may be able to get cover for such items by paying extra. This is known as **all risks cover**. There is usually an upper limit on the value of any single item.

You may have to get extra cover if you want to include **a very valuable item** in your contents insurance policy. You may also have to agree to certain

conditions, for example, that you should install a burglar alarm. You should tell your insurer about anything very valuable that you want to insure.

If you **rent any of your possessions**, for example a television set or a video recorder, it is advisable to take out insurance cover for these items. This is because you are legally responsible for any loss or damage which occurs to them. You can either take out insurance with the rental company, or check whether your own household contents policy covers them.

If you **rent your home** and it has some contents belonging to your landlord, for example furniture or a television set, you may be responsible for any loss or damage to them and will need to arrange insurance cover. Check your tenancy agreement to see if this is the case. If the landlord has insured the items, check to see that the extent of the cover is adequate. **It is always advisable to get insurance cover for your own possessions.**

Choosing household contents insurance

Before you take out a household insurance policy, decide how much insurance you need. This will mean working out the cost of replacing all your possessions. Ask for quotes from several insurers to help you get the best deal for your circumstances. You will need to compare:

- what each policy covers, and any **exclusions** (risks which are specifically excluded, for example, normal wear and tear)
- the price of the policy. This is known as the 'premium', and will vary according to your age, where you live, how much cover you want and the value of your possessions. The more valuable your possessions are, the more you will pay for your policy. It is advisable to increase the value of your insurance to keep pace with the value of your goods. Some policies are index-linked in line with inflation.
- the amount of any **excess**. This is the first amount of any claim, for example the first £50, that you will have to pay yourself. Some policies allow you to pay a higher excess in return for a cheaper premium
- any **discounts** offered
- the **no claims bonus** which increases for every year that no claims are made on your policy, up to a maximum amount. Most insurers will let you transfer the discount, if you want to change your insurer. You will also need to compare the amount by which your no claims bonus would be reduced if you made a claim
- any **additional conditions**, such as restrictions on your cover if you leave your home unoccupied for long periods of time.

Things to remember

- when you buy insurance, you must give your insurer, or the person who sells you the insurance, as much information as you possibly can about anything which might affect their decision to insure you, or how much to charge
- It is your responsibility to inform your insurer of any change in your circumstances, for example, if you carry out any home improvements to your property. You should do this as soon as possible, and not wait until it is time to renew your insurance policy.

Making a claim

If you want to make a claim on your household contents insurance policy:

- check that your policy is still **current**, and that you are covered for the situation
- **minimize any further loss** or damage by, for example, making temporary repairs to a broken window
- if a crime has been committed or you have lost property, report this to the **police**. Keep a note of the crime reference number you are given, so that you can pass it on to your insurer, if requested
- contact your insurer as soon as possible and request a **claim form**. complete the claim form carefully and **keep a copy**
- if your claim is substantial, you may want to employ **loss assessors** to help you with your claim. Make sure that they are members of the Institute of Public Loss Assessors. Contact them on: 0844 879 3244. Get details of all fees and services offered, in writing, before any work is carried out
- keep **receipts** for any extra costs incurred as a result of loss or damage. You may be able to claim these back.

When you may not be covered by your household contents insurance

You may not be covered by your household contents insurance:

- for normal **wear and tear**
- if you do not keep to the **conditions** of your policy, for example if you have rented out your home (unless forced entry can be shown), or you have left your home empty for a long period of time
- for any **exclusions** in your policy. These may include specific items such as jewellery, or other very valuable items. Your policy may also exclude cover for **freezer contents** or **mobile phones**. Check your policy to see what is covered

- if you are **underinsured**. This means that the contents of your home are not insured for the full cost of replacement. Your insurer may still agree to pay a proportion of your claim
- if there is a **limit** on the amount you can be paid out for any single item
- if you have to pay an **excess**

Your insurer may have the right, under the terms of your policy, to provide a replacement item or repair the item, rather than giving you the money to replace it. If they do this and the goods are faulty, your insurer is responsible for dealing with the problem.

Problems can arise where only **one item in a set is damaged**, for example a chair in a suite of furniture. It may be impossible either to repair the item or to find a replacement which matches the set. In these circumstances, your insurer should pay for the cost of the damaged items *and* up to half the cost of replacing the undamaged goods.

How to make a complaint

If you have a problem with an insurance claim, check your policy carefully first of all to make sure that your insurer is not entitled to withhold all or part of any payment.

If you want to make a complaint, you should write to them, giving details of your complaint, and how you would like it to be resolved. If you are not satisfied with the response, make a formal complaint, using your insurer's complaints procedure.

If you are not satisfied with the outcome of the formal complaints procedure, consider taking the complaint further. All insurers must be covered by the rules of the financial watchdog, the Financial Services Authority (FSA). This means that if you have a complaint about an insurer, you can take it to the Financial Ombudsman Service. This is a free service available to policyholders who have already followed their insurer's complaints procedure. The Financial Ombudsman will try to resolve the complaint through mediation. If the dispute cannot be resolved this way, the Financial Ombudsman will begin a formal investigation. The final decision given at the end of this investigation is binding on your insurer, but if you do not agree with it, you are free to take your insurer to court. For more information about the Financial Ombudsman, you can visit their website at www.financial-ombudsman.org.uk, or phone them on 0845 080 1800.

If your insurer is a **member of Lloyds**, contact Lloyd's Complaints Department on 020 7327 5693. If you are not satisfied with the outcome of this complaint, complain to the Financial Ombudsman.

If you have tried all the options for resolving your complaint through the complaints procedures, but have not met with success, or if your insurer is based outside the UK, you may want to consider taking legal action. However, you should only consider going to court as a last resort. This is because the amount of compensation a court may award you could be reduced if you have not tried other ways of resolving the problem before taking legal action.

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Before taking legal action, consider whether you have sufficient evidence. You will have to prove that your claim is covered by your insurance policy, and you may have to provide expert evidence.

Your local Citizens Advice Bureau can give you advice about insurance problems, and on how to take legal action. To search for details of your nearest CAB, including those that can give advice by e-mail, visit www.citizensadvice.org.uk.

Other fact sheets that might be helpful

- Starting court action
- Alternative dispute resolution
- Builders
- Services
- Buildings insurance

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