

The complaint

Mr W is unhappy Fairmead Insurance Limited declined the claim for the loss of Mrs W's watch.

What happened

Mr W held the home contents insurance policy for the relevant time in his name. As part of the cover there were a number of high value items of jewellery specified. One of them (Mrs W's watch) had a given value of just over £7,800. This is the item at the centre of this complaint.

A claim in respect of the loss of this watch was declined. It was said this was because the terms of the cover had not been met. In summary, the loss had not been reported to police or the insurer's as soon as possible; there was also reference to a lack of action to locate the watch.

Mrs W reported the loss of her watch on 1 December 2020. Initially she reported it had been lost on 16 July 2020 between a restaurant in Birmingham and her home address.

There were various communications between the insurers, their claims handlers and Mr and Mrs W in December 2020 and January 2021.

On 28 January 2021 Mrs W spoke to the insurer's claims handler on the phone. They completed a report of this conversation. In the call Mrs W explained she wore the watch every day. On 15 July 2020 she had visited and stayed at a hotel. The next day she drove straight to the restaurant to meet a friend for lunch. Afterwards on her way home, she telephoned a salon for a walk-in beauty appointment. Mrs W said she'd discovered the loss of her watch when she arrived home. Mrs W provided the names and details of all the establishments.

Mrs W said she hadn't done anything about the loss at the time. She said she didn't do anything "*for weeks, months*". Albeit she went on to say she had made a thorough search of the car and also said she had contacted the hotel, the restaurant and the salon. Mrs W said this had been sometime later and referred to "*weeks*".

Mrs W wasn't certain, but she thought she would have noticed if the watch hadn't been on her wrist in the restaurant, due to its weight. She had no idea how it had been lost. Mrs W was asked why she hadn't reported the loss to the police and explained this wasn't something that had occurred to her in these circumstances.

After Mrs W explained when the watch had been lost and what she had done, the claims handler told Mrs W they would need to make further enquiries. These were said to involve contacting the restaurant and salon. Mrs W offered the salon contact details and confirmed the restaurant reservation had been in her friend's name.

Mrs W asked about the claims handlers role. They said they were a claims handling company and would provide a report to the insurers with their advice of what they'd

discussed with her and then the insurer would assess and decide the outcome. The representative said their role was to gather facts to enable an outcome of a claim to be determined.

There was some consideration about whether the salon and restaurant would be able to be contacted if they were closed due to Covid related restrictions; but the claims handler said they would try to contact them and in their experience some businesses were answering calls despite being closed.

Mrs W said she was frustrated with how long matters were taking and the time she had spent on calls. The claims handler said it would take a little longer and as they needed to contact the businesses, and this would take at least a week.

Mrs W chased for an update on 14 and 25 February 2021.

An email said to attach a final report sent by the claims handler to the insurers on 23 February 2021 with their invoice. On 21 March 2021, the claims handlers sent an email to the insurers noting they had not received a response to their email with their report on 23 February 2021.

On 22 March 2021 the claims handlers had contacted Mrs W and apologised for the delay. At this time they said they had chased the underwriters for an update and would be in touch once they had the information from them.

On 23 March 2021 the underwriter's contacted the claims handler, saying they agreed this was a claim that ought to be declined. However, they added their suggestion the claims handlers ought to contact the restaurant and salon when they reopened on 12 April 2021 to see if Mrs W had contacted them at the time about her watch. The underwriters said that if she hadn't, this would give the claims handler more to defend the declining of the claim.

On 18 April 2021 there is a record the claims handler could contact the restaurant and salon once businesses reopened, and this would not cost the insurers anything further.

On 9 June 2021 at 18.36 there was an email between employees of the claims handling firm indicating the policy holder and broker had been chasing the claim. The writer of the email said it appeared they had been waiting for the salon to be open so they could clarify Mrs W's story.

On 10 June 2021 at 3.26pm a representative of the claims handler emailed Mrs W to let her know he'd tried to call her. He said the underwriters had reviewed and decided to decline the claim. A letter dated the 10 June 2021 was sent out declining the claim and providing the reasons.

Shortly before this on 10 June 2021 at 3pm, the same claim handling representative emailed various people at the claims handling firm to let them know he'd tried to contact the restaurant (but there had been no answer) and the salon. The person who had answered his call at the salon hadn't been able to help and the "boss" was not available as they were unwell. The representative said he'd been unable to obtain any further information and so a letter had been drafted in-line with what was understood to be the advice of the underwriters, declining the claim. There is an electronic note of activity on the business file entered on 10 June 2021 at 2.11pm. This records the above calls to the restaurant and salon.

This activity appears to have followed an email also on 10 June 2021 by another person at the claims handler at 1.37pm. This person asked their representative to contact the restaurant and the salon. She indicated the underwriter's appeared to have confirmed the

claim could be declined, but it appears there was reference to discussion with the businesses first.

In June 2021 Mrs W said she wanted to complain. Although Mr W was the named policy holder, it does not appear there has been any issue taken in communicating with Mrs W. On 1 July 2021 Mrs W contacted the claims handlers, saying she wanted to escalate her complaint.

Mrs W felt it unfair the insurer's relied on her late reporting of the loss to decline her claim since they had delayed their work on her claim. Mrs W said her late reporting of the loss had been because she was under a lot of pressure at work due to the Covid pandemic.

Mrs W has also referred to moving from part-time work to full time work around this time, into September, due to needing to speak to clients because of the Covid pandemic. Since the matter was referred to this service, Mrs W has said she was too busy to report the loss at the time and for the time that followed as she was arranging the sale of the business. Mrs W has also referred to hoping the watch would turn up.

Mr W went on to provide phone records on behalf of Mrs W which are said to show she contacted the salon and restaurant on various days during the week that followed the loss of the watch. The salon on 20 and 21 July 2020, and the restaurant on 26 July 2020.

An investigator at this service understood it would be disappointing to Mr and Mrs W, but he didn't think Fairmead had been wrong to decline the claim. He accepted they had properly applied the terms of insurance when declining the claim. In particular that neither the police had been contacted to make a report, or the insurer informed as soon as possible.

He didn't think the delay prior to reporting the loss was reasonable; and hadn't been in-line with the terms of the policy. Mr and Mrs W didn't agree and asked for the case to be referred to an ombudsman.

Provisional decision

On 17 February 2022 I issued a provisional decision as I intended to depart from the view of the investigator in part. I didn't think the insurers were wrong overall to decline the claim. However I didn't think the insurers and their agent (the claims handler) had considered this claim as they ought to have done and they relied at least in part on inaccurate or incomplete information. As consequence I indicated I intended to say Fairmead ought to pay Mr W £250 to address the failures for which they are responsible, including in the way the claim was dealt with.

Fairmead's response to the provisional decision

Fairmead indicated they had no new points to add.

Responses from Mr and Mrs W

Mrs W sent us further information on why she said she had not reported the loss.

Mrs W said she had her children at home whilst she was at work every day, and this was a major distraction and delay in making the claim. Mrs W said she didn't consider herself to have been of stable mind due to all the pressures and the claim was the furthest thing from her mind. Mrs W said the well-being of her family had been paramount and the survival of the business. We invited further information in respect of the matters raised.

In summary Mrs W said they had been dealing with too much at the time and the least of her worries had been the loss of her watch. She thought it might turn up at later at home. Mrs W hadn't sought any medical help; they had been dealing with Covid related challenges, the sale of the business had fallen through and then was successfully sold in November, she was schooling her children from home.

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.

I haven't changed my thinking from that set out in my provisional decision. I have balanced things with real care here. But based on the particular circumstances, I think the delay between loss and reporting here was sufficient for Fairmead to properly decline the claim; albeit I don't think Fairmead dealt with the claim as they ought to have done.

I don't think if things had been done by Fairmead and their agent as they ought to have been, including an assessment of the correct information, the overall outcome of the claim would have changed. But the service provided wasn't satisfactory overall, and I appreciate why Mr W as the policy holder, and his wife will have been frustrated and have lost trust in the process and assessment.

I do understand this will be disappointing to Mr and Mrs W. I appreciate what has been said about being busy at the time, and what has been said more recently about hoping the watch might turn up. Mrs W however was consistent for some months in respect of when the watch was lost. She said she knew her watch had been lost when she got home on 16 July 2020. Her account provided in the phone call of 28 January 2021 was persuasive, this was a watch she wore every day and she quickly noticed its absence. So although I've seen more recently there has been the suggestion Mrs W was hoping it would turn up. I think Mrs W would have reasonably noticed and known (as she says), when the watch went missing. So I've thought about what happened then.

I've considered what Mrs W and her husband have told us about what was going on at the time. Including the steps she did take at the time, and why it's said she didn't report it sooner. I accept they had a lot going on and Mrs W felt under pressure. But overall I don't find there were compelling or exceptional reasons as to why there was such a delay in the reporting of the loss of the watch. I accept the insurers were able to decline the claim on the basis of this delay.

There are good reasons why insurers require losses to be reported to them as soon as possible, these include ensuring, where appropriate, investigations can be undertaken, and steps put in place to recover lost or stolen items and to identify fraudulent claims. I am not persuaded Mr and Mrs W ought not reasonably to have reported the loss much sooner, if not soon after 16 July 2020.

But I don't accept there was enough for the insurers to have reached the conclusion Mrs W didn't take any steps to try and locate the watch.

The letter of 10 June 2021 declining the claim from the claims handlers, sets out that they consider Mrs W hadn't behaved reasonably. Firstly by failing to take any action, as it's reasonable to expect steps to be taken to minimise loss claims, and that she ought to have contacted the venues where an item may have been lost or to try and recover the item. And secondly by failing to notify the insurers promptly following an incident where the insured wishes to make a claim. As indicated, I accept the second reason was a valid and fair application of the terms of the policy. Here this was sufficient for the claim to be declined.

However the letter of 10 June 2021, sets out that Mrs W had confirmed in her call of 28 January 2021 that she had not taken any action to locate the watch. That's not right and it is not what Mrs W said in the call of 28 January 2021; and it's also not an accurate account of what the insurers and their claims handlers knew.

The insurers claim file shows the claims handlers knew Mrs W said she'd contacted the restaurant and salon. There are somewhat unsatisfactory notes about the claims handlers intending to contact the businesses referred to, and what was done. This area was not dealt with satisfactorily.

The report of the phone call assessment with Mrs W of 28 January 2021, used in reaching the decision on the claim was provided. Having heard the phone call, the report submitted was not entirely accurate. In particular it states Mrs W said she didn't check with the restaurant or salon for a considerable time afterwards, and that she was certain she was wearing the watch at lunch. This does not reflect the tone or thrust of the answers she provided, which I set out above.

The claims handler in the call specifically says the restaurant and salon (as well as potentially the hotel) will be contacted. The claims handler says this will take around a week after their call is finished. And although the impact of the Covid lockdown is discussed, and whether it will be possible to contact the businesses, the claims handler makes it clear in the call, that their experience has been, it is worth trying as often calls are answered even if the businesses are closed for customers.

There is nothing to suggest any contact was attempted until 10 June 2021, many months later. Those limited attempts were unsuccessful. On 10 June 2021 there appears to have been one attempt to contact the restaurant, the call wasn't answered, at a time, one can reasonably conclude, a restaurant would be busy, with the lunch service period. And the attempt to contact the salon was unsuccessful as the "boss" was off work unwell.

By the time this contact was attempted it appears to me, a decision had already been taken to decline the claim. This isn't satisfactory. The claims handler indicated in January 2021 the next steps involved contacting these businesses. It is unclear to me why no contact was attempted and why it only finally seems to have been attempted at the last minute to clear up loose ends, rather than as part of a meaningful investigation into the claim. It isn't clear to me why the insurer and their agent thought these checks were needed but then didn't make these checks in any meaningful way.

I don't accept Fairmead were right to decline the claim on the basis Mrs W hadn't taken any steps to recover the watch. She told them at the time what she had done. Fairmead and their representatives made it clear they would look into this, but any attempt was delayed without explanation and completed in an unreasonable manner. Although I did not need to go on to conclude this point, I think it's unlikely here, that I would have concluded, if necessary, that her failure to inform the police was sufficient to support the claim being declined.

However, I'm not requiring Fairmead to reassess the claim on the accurate information, as I accept the report of the loss claim by the policy holder and his wife was unreasonably delayed.

I don't think the inaccurate wording in the report from the claims handler in January 2021 played a significant part in the decision to decline. Nor do I think the failure to try to contact the businesses in a timely way to check if Mrs W had tried to find her watch at the time played a significant and determinative point in the decision to decline the claim.

However these matters, including what I consider was an unreasonable delay overall in informing Mr W of the outcome of the claim, mean I am upholding in part Mr W's complaint..

Putting things right

As a consequence Fairmead will need to make a payment to Mr W of £250 to address the undoubted inconvenience he has been occasioned, and the impact of the loss of trust in the service provided

My final decision

For the reasons given, I am upholding Mr W's complaint against Fairmead Insurance Limited in part. They are required to pay Mr W the sum of £250. This to be paid within 28 days of being notified of Mr W's acceptance of my final decision. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 12 April 2022.

Louise Wilson
Ombudsman