

The complaint

Mr and Mrs J have complained that AXA Insurance UK Plc ('AXA') paid part only of their claim under their home insurance policy following loss of a watch.

What happened

Mr J purchased a luxury watch in July 2020 in an on-line auction. The watch was lost and had last been seen at a particular event. Mr and Mrs J made a claim for its loss under their AXA insurance policy in August 2021. AXA declined the claim and offered a sum in settlement to Mr and Mrs J of just under £140, being the value of a more basic watch.

Mr and Mrs J considered that they'd provided sufficient evidence to substantiate their claim. They provided the box where the watch was usually kept, photographs of the watch before it went missing, and the receipt following its purchase for just over £3,700. AXA said that as no serial number was provided, there was no proof that it was the model claimed. Mr and Mrs J were unhappy about AXA's decision and wanted to be paid the value of an equivalent replacement watch of the same model and they referred their complaint to this service.

Our investigator upheld Mr and Mrs J's complaint as he didn't think that AXA had acted fairly in dealing with the claim. He was satisfied that the receipt for purchase of the watch together with the surrounding circumstances provided sufficient evidence for AXA to settle the claim in full. AXA didn't accept this view and the matter has therefore been referred to me to make a final decision in my role as Ombudsman.

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.

The key issue for me to determine is whether, on the available evidence, it was fair for AXA to decline to pay the full replacement value for Mr and Mrs J's watch following its loss. I don't consider that AXA came to a fair and reasonable decision and I'll explain why.

I've looked at the policy documents and see that the contents of Mr and Mrs J's home are insured in principle, subject to the usual terms and conditions of cover. This includes cover for valuables. The relevant watch isn't included as a specific item, however the cover limit for valuables and single personal items is £15,000. I note that the policy covers the replacement value of lost items while temporarily removed from the home.

I've also considered what both parties have to say about the matter. AXA stated in its final decision letter that, unless the unique serial number was provided, it was unable to confirm the validity of the watch and was also unable to record this on the appropriate art loss register. It said that an auction company would usually note the serial number as a standard requirement and that despite writing to the company, it had received no response about this point. AXA acknowledged however that there was a receipt and that the value was broadly consistent with the value of a second-hand luxury watch. As well as there being no evidence

of a serial number, it considered that the box was a counterfeit and said: - *'A genuine watch would not be sold in a counterfeit box.'*

AXA said that at no stage had it accused Mr J of anything untoward and it wasn't alleging that the claim was fraudulent nor that he was making a claim for a counterfeit watch but saying that it was genuine; *'We are merely stating that as an insurer we cannot be satisfied, on balance of probabilities, that the watch was a genuine [luxury watch] as there is not enough evidence to prove as such'*. AXA concluded by saying that it sympathised with Mr and Mrs J, however it said there was no evidence that the watch was genuine. It said the policy didn't provide cover for the cost of a genuine watch if the customer had been sold a counterfeit.

Mr J stated that he'd bought the luxury watch as a gift for his wife. He said that the relevant on-line auction was managed by what he referred to as a well-respected and long-established organisation. He said that: - *'it is not the sort of a company that knowingly sells counterfeit goods to customers such as I, duly then passing them off as genuine'*. He said that the auction took place during the pandemic and that it had been impossible for him to seek further independent examination to check authenticity at the time.

Mr J thought that the watch had been lost at a particular event, as that was the last time that he and his wife recalled seeing it. He said that a thorough search was carried out and enquiries made with the event organisers, but to no avail. They also reported the matter to the local police. As no crime had been committed however, the police advised that they wouldn't be issuing a crime number as the loss was accidental. Mr J acknowledged that he'd been unable to provide the serial number and thought that this was *'a regrettable flaw'* in the auction company's record keeping, however something which he had no control over. He didn't think that this meant that the watch was counterfeit and the company had confirmed the formal process of how the watch had come into their stock and authorised for sale.

Mr and Mrs J questioned the advice of AXA's expert and considered that they were conflicted and were using the claim to discredit Mr J's company. They considered that the validation process had been unjust. Mr J said he'd requested return of the box so that he could seek an opinion on it, however he said that AXA's representative had initially misplaced it. He said that the box eventually returned to him was not the box he'd sent to AXA, and he'd never seen it before. He said that his proof of postage documentation showed this. In summary, Mr J considered that AXA had handled the claim incompetently and said that its approach had caused considerable distress and inconvenience and had made him feel unwell. He said he'd spent an *'untold number of hours'* trying to resolve the matter.

I note that Mr J wrote to the relevant auction company to seek evidence regarding the watch and to see if the company held evidence of the serial number for the watch. He said, *'I find it hard to believe that when a professional jeweller undertakes such an examination, he doesn't record the Serial Number.'* The auction company replied that it didn't have a record of the serial number but stated; - *'I can confirm this was checked by our independent jeweller and the watch you purchased was 100% real as [the company's] auctions do not sell counterfeits in any way'*. The auction company stated that the jeweller only holds onto his paperwork for six months from the date of his valuation and therefore it was no longer available as the watch was originally valued when it first came into its stock in March 2019. Whilst it's very disappointing that the auction company didn't hold a record of the serial number of the watch, I don't consider that its absence shows that the watch is a counterfeit item. I'm satisfied that the invoice and photographs supplied by Mr and Mrs J show that they purchased the watch for just over £3,700, believing it to be a genuine luxury watch of a particular model. AXA has accepted the second-hand value to be reasonable if it was indeed a luxury watch of this type. I accept that Mr and Mrs J approached the event organisers and

police about the loss, as described. In view of the persuasive evidence supplied by the auction company, I also accept that its expert considered the item to be genuine.

As to the box, AXA's claim notes state that a label with the customer's name would be placed inside as well as outside and secured with an elastic band and that in the unlikely event that the label on the outside of the box had fallen off, *'the label would still be on the inside so it could not be mixed-up with another box.'* The notes also show that there appeared to be an issue when the box was being returned by Mr and Mrs J. This evidence doesn't confirm whether the delay in returning the box was due to postal issues or otherwise.

From the evidence which I've seen, I haven't been able to reach a separate conclusion on the question of whether the box returned to Mr and Mrs J was the box they'd sent to AXA or indeed whether the box was a counterfeit. However, such conclusions aren't necessary in the light of the fact that I'm satisfied, on the balance of probabilities, that the watch was a genuine luxury watch of the model claimed.

I recognise that AXA would wish to validate whether the watch was genuine and the absence of evidence regarding the serial number is most unfortunate. I also note that the auction company may not have responded to AXA. I'm satisfied however, that the evidence now available from the auction company shows that it was satisfied that the watch was genuine. It was therefore fair for Mr J to have also believed the item to be genuine and so to pay over £3,700 for it. In the circumstance, I've concluded that it wasn't fair or reasonable for AXA to have declined to settle the claim in full, subject to the usual excess.

My final decision

For the reasons given above, I uphold Mr and Mrs J's complaint against AXA Insurance UK Plc and, subject to all relevant terms and conditions of the policy and the relevant excess amount, require it to settle their claim in full.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J and Mrs J to accept or reject my decision before 8 July 2022.

Claire Jones
Ombudsman