

The complaint

Mr D complained that esure Insurance Limited (“esure”) didn’t fairly settle his theft claim under his home insurance policy and he was unhappy with the service provided.

What happened

Mr D’s property was broken into and several items were stolen from his home. Mr D made a claim for the theft under his policy. esure appointed a loss adjuster to validate the claim.

Following the report from the loss adjuster, esure decided to part pay the claim. esure said Mr D hadn’t insured his possessions for the full replacement value, so had “*under-insured*” his contents. esure didn’t think Mr D had done this deliberately – but thought he’d been careless when making the misrepresentation. esure said if it had known about the correct value of contents, it would still have insured Mr D but the premium would’ve been higher, so esure said the claim settlement needed to be reduced in line with the premiums Mr D paid. esure settled the claim at 50.2% of the household goods and 11.1% of the high-risk items claimed for and it capped the settlement on a watch to the policy limit.

Mr D thinks the settlement is unfair – he said the full value of his stolen possessions is much higher than what esure has offered. Mr D thinks the policy wording is unclear in referring to high value / high risk items. Mr D said he didn’t have any single high worth item but instead esure has considered some of his stolen goods as a collection. Mr D complained about how long his claim took to be validated and was unhappy with the loss adjuster’s approach. Mr D said his circumstances meant this had a significant impact on him.

esure recognised some communication failures from its appointed loss adjuster which it thought would have a greater impact on Mr D due to his vulnerability, so it paid him £100 for the distress and inconvenience caused.

Our investigator decided not to uphold the complaint. He thought the policy wording was clear and that esure had fairly settled the claim in line with the policy wording. He also thought esure’s payment of compensation was fair for the failing of its loss adjuster. Mr D disagreed, so the complaint has been referred to an ombudsman.

My provisional decision

I issued a provisional decision on this on 11 July 2022. I said:

“I have first considered the length of time it took esure to progress the claim. With any claim the policyholder will experience some level of inconvenience with the claims process as the insurer rightly has opportunity to understand what has happened and to validate the claim.

I can see Mr D contacted esure several times to chase up on the progress of the claim and he was repeatedly told that esure were waiting for the police report for the theft. It’s not unusual for the police report to be delayed and this isn’t something that is in esure’s control. However, I would expect esure to progress any other aspects of the claim validation in parallel so that the overall timeline of the claim is not unreasonably delayed.

I can see the claim was made in April 2021. After several chase ups by Mr D, the claims handler sent an email on 14 July 2021 which said Mr D hadn't been contacted "by the antique company re the medals and the coins". The claim handler wrote "I can see you are waiting for the police report and explained to the policyholder that this is not a quick process which he appreciates. However, whilst waiting can [the loss adjuster] not continue with the valuation of the items so that all this is completed when the report is received". I can see that it was clarified that the loss adjuster had already initiated this validation a month earlier.

However, if the claim was made in April 2021 and part of the validation not initiated until June 2021, then I think there is evidence the claim wasn't progressed as pro-actively as it could've been. I would expect esure to have a good grasp of the claim during the first month and to initiate their validation enquiries soon after. Therefore, I intend to uphold this aspect of the complaint. I think the delay has increased the level of distress and inconvenience for Mr D due to the numerous chases he has made to understand the progress of his claim and the delay this has caused in him receiving his settlement.

I have then considered the process and conclusions esure has reached in arriving at its settlement for the claim as Mr D was unhappy with this. esure settled the claim for 11.1% of the high-risk items and 50.2% of the household goods as it said Mr D was significantly underinsured due to careless misrepresentation. In other words, esure thought Mr D had under-represented the value of his contents when taking out his policy – it thought he had made a genuine error when doing this. However, it said had it known about the higher contents value it would've charged a higher premium. Therefore, esure has only settled the claim proportionately as it set out in its terms and conditions which state "We may proportionately reduce the amount payable on any claim. We calculate the reduction by comparing the premium we actually charged with the premium we would have charged".

If esure show that Mr D had underinsured his contents then I'm likely to say its been fair in offering a reduced settlement, in line with the premiums paid. That's because esure wouldn't have received a higher premium to justify the higher risk it was taking.

I have read the policy and it sets out Mr D "have a duty to ensure that all your household goods, high risk items, personal possessions and specified items are insured for the full replacement cost as new at all times". I think the policy is clear in the expectation on Mr D, so I have checked whether I think he has reasonably done this.

I'm only able to decide based on the evidence I have before me. From reviewing the complaint, the disagreement on the settlement is due to two main aspects – what Mr D declared as the value of his contents when he took out the policy and how esure has categorised certain items stolen when determining the settlement.

I have looked at some notes from the claim related to a telephone call. The notes show "[policyholder] confirmed he has made a mistake when selecting the level of cover on the policy and that he has got mixed up with what high risk items, household goods and specified items are, he thought that high risk items were any items over a certain value and as the coin collection items and the bottles of [spirits] were not over this amount individually he has added their value in to the household goods limit, he understands he has made this mistake and after I explained the differences he realised that he should have put the limits differently".

I have checked the policy and I can see it has defined high risk items as "any of the following items that are at high risk of theft, which are kept in the Home, and consist only of the following:

- articles of gold, silver or other precious metals*

- computer equipment
- furs
- jewellery
- mobile phones
- paintings
- stamp, coin, and medal collections
- watches”.

I think the policy definition for high risk items is clear – so I would expect Mr D to have included his laptop, any watches, his collection of coins and his medal collection in the high risk items. As the definition talks about a collection of coins and a collection of medals, I would’ve expected Mr D to put a current value on the entire collection. It’s Mr D’s responsibility to ensure that he declares his contents fully and in line with the definitions set out in the policy.

esure has reduced the settlement paid as Mr D didn’t properly declare some of his high risk items under the high-risk definition. It has also restricted the pay-out on single items to the policy limit of £1,500, which I think is reasonable if these items weren’t specifically identified by Mr D in the policy schedule as being worth a higher value. I think esure has been fair in doing this. Therefore, I don’t intend to uphold this aspect of the complaint.

Mr D had a significant number of bottles of spirits stolen, but esure didn’t pay out on the full value of these as it said Mr D should have valued the bottles together as a collection. Mr D said he didn’t realise he had to do this. As each bottle was worth under £1,500 he didn’t itemise them but just included them as part of the overall value of his household contents.

I don’t think esure has been fair in its approach for these items. Mr D said he didn’t list the spirits as individually none of the items value was high enough to warrant listing. I have checked the policy and I haven’t seen anything that sets out that Mr D should’ve grouped up the value of his bottles into a single value for a collection before he declared it. I don’t think it’s reasonable to have expected Mr D to know he needed to do this. I also don’t think it’s right to classify Mr D’s bottles as a collection. Therefore, I intend to uphold this complaint and I intend to require esure to re-consider the claim for the stolen spirits in line with the remaining terms and conditions of the policy.

Mr D has experienced delays with his claim and his settlement has been unfairly declined. I think this would’ve had an impact on Mr D. He would’ve been without his money for some time, so I intend esure to add 8% simple interest to the additional settlement amount (from the date of the claim to the date the increased settlement is paid). Mr D has been inconvenienced and the delays and claim settlement has distressed him. Therefore, I intend for esure to pay Mr D £300 compensation for the distress and inconvenience it caused”.

Responses to my provisional decision

Mr D accepted my findings and didn’t have anything more to add.

esure didn’t reply to my provisional decision.

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.

Given neither party has provided any new information, I see no reason to change my provisional decision.

My final decision

My final decision is I uphold this complaint, I require esure Insurance Limited to:

- Reconsider the claim for the stolen spirits, treating them as individual household items, and in line with the remaining terms and conditions of the policy.
- Add 8% simple interest to the additional settlement amount (from the date of the claim to the date the increased settlement is paid).
- Pay £300 compensation – for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 6 September 2022.

Pete Averill
Ombudsman