

The complaint

Mrs P complains about Admiral Insurance (Gibraltar) Limited and their decision to limit the settlement amount she could receive following her claim for a damaged TV on her home insurance policy.

What happened

Mrs P held a home insurance policy, underwritten by Admiral. This policy included cover for the contents of Mrs P's home. So, when her TV was damaged, she contacted Admiral to make a claim. Admiral accepted Mrs P's claim, but limited the settlement amount she could receive to £1,000 as they felt the TV was a high-risk item that hadn't be specified on Mrs P's policy schedule. Mrs P was unhappy about this, so she raised a complaint.

Mrs P didn't think Admiral were fair to limit the settlement she could receive as she didn't think it was made reasonably clear to her in either the original sales call, or the documents she received, that she needed to specify her TV as a high-risk item. And she explained if it had of been, she would've specified it. So, she thought Admiral should pay her a settlement that reflects the full value of her TV.

Admiral responded and didn't agree. They listened the original sales call between themselves and Mrs P. And they thought the advice they gave on this call was clear and correct. They also thought it was made reasonably clear in Mrs P's policy terms and conditions that a TV would need to be specified on her policy schedule and so, they thought they acted fairly when limiting the settlement amount. Mrs P remained unhappy with this response, so she referred her complaint to us.,

Our investigator looked into the complaint and upheld it. They didn't think the policy terms and conditions were reasonably clear, as several electronic items were described when detailing what qualified as a high-risk item, but not a TV. And they didn't think Mrs P was given any indication on the original sales call, or the follow up paperwork, that a TV would need to be specified. So, they didn't think Admiral were fair to limit the settlement and though Admiral should pay the full value of the claim, less any excess and additional premiums Mrs P may have paid had the TV been specified. They also thought Admiral should pay 8% statutory interest on the increase in settlement from the date of the original settlement offer to the date of payment.

Mrs P accepted this recommendation. But Admiral didn't. They maintained their belief it should've been reasonably clear to Mrs P that a TV would fall under the audio-visual category mentioned in their terms and conditions. And they didn't think it would be reasonable to expect them to list every item that fell under this category. So, they maintained their position that it was reasonable to limit the settlement amount Mrs P was offered, in line with the terms and conditions related to unspecified high-risk items. As Admiral didn't agree, the complaint has been passed to me for a 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.

Having done so, I'm upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

I've thought about the terms and conditions of the policy at length to decide whether I think Admiral acted in line with these when deciding to reduce the settlement offer. And if I think they did, I must then also be satisfied that they acted fairly by doing so. And having done so, I don't think they have on this occasion.

I've seen the definition of a high-risk item, which states the following:

"The following personal belongings owned by you and your family.

-Any collectible articles which are rare or unusual

-Musical instruments or audio-visual, photographic or sporting equipment

-Computers, laptops, mobiles phones, tablets and electronic notebooks

-Jewellery, watches, pearls, precious metals or precious stones

-Pictures, prints or works of art, Stamp, coin or other collections".

And I can see the terms and conditions explain that for any items that fall into the categories above, the settlement will be capped at £1,000 unless they are specified within the policy schedule. Having looked at the policy schedule, I can't see that a TV is specified.

So, I understand why Admiral believe they acted within the terms of the policy when reducing the settlement. But for Admiral to fairly rely on these terms, I need to be satisfied that the terms make it reasonably clear to Mrs P that her TV would need to be specified. And I don't think they do.

I understand why Admiral believe a TV falls into the category of audio-visual equipment as a TV does produce both sound and picture. But in the terms above, directly after audio-visual equipment is mentioned, it goes on to list several items that are audio-visual in the same way a TV would be. Yet a TV isn't stated. I think this creates a certain level of confusion and I don't think it's unreasonable for a consumer to expect a TV to be stated within this list alongside the other electrical appliances.

I appreciate Admiral don't agree. And they make the point that it would be impossible for them to list every item that falls under the more generic examples that provide. But I think a TV is a very common appliance that almost every home they insure is likely to have. Considering several appliances that qualify as audio-visual are listed together, and all of these items are portable, I don't think it's unreasonable for me to say not listing a TV could create the impression a TV doesn't need to be specified as it isn't portable in the same way.

Further to this, I can see from Admiral's own notes detailing the conversations Mrs P held with them that she did make a point of clarifying exactly what classed as a high-risk item. And again, the items Admiral confirmed were all portable in nature, whether they be electronic or piece of jewellery. And crucially, following these conversations, I can see that Mrs P has specified several items that were mentioned by Admiral in these calls. So, it leads me to believe that had Admiral made it reasonably clear a TV needed to be specified, then Mrs P would've done so.

So, while I can understand why Admiral believe the settlement limit is applicable in this case, I don't think the terms and conditions, nor the information Mrs P received in calls with Admiral directly, were clear enough to allow Mrs P to have fair and reasonable knowledge

that the TV she owned should've been specified. And so, it follows that I don't think Admiral acted fairly when they reduced the settlement offer provided to Mrs P.

Putting things right

As I don't think Admiral acted fairly, I've then thought about what I think Admiral should do to put things right. Any award or direction I make is intended to place Mrs P back in the position she should've been in, had Admiral acted fairly in the first instance.

In this situation, I think if it had been made reasonably clear to Mrs P within the terms and conditions, or in some other way, that the TV needed to be specified, then she would most likely have done so. I think it's fair for me to make this assumption as I can see she has specified several pieces of jewellery, following clear instructions from Admiral.

And if Mrs P had specified the TV as a high-risk item, she would've been offered a settlement amount that reflected the full value of the TV she owned. So, I think Admiral should settle the claim, paying Mrs P the full value of her TV, less an excess that is applicable under the terms of the policy and any increase in premium that may have been caused by the specification of the TV.

I also think that had Admiral acted fairly, they would've done this when they initially processed Mrs P's claim. As they didn't, the claim was disputed and so, Mrs P didn't receive the settlement amount when she should've done. So, I think Admiral should pay 8% statutory interest on the settlement amount over £1,000, to recognise the length of time Mrs P has been without the settlement unfairly.

My final decision

For the reasons outlined above, I uphold Mrs P's complaint about Admiral Insurance (Gibraltar) Limited and I direct them to take the following action:

- Settle Mrs P's claim in full, without any limitation, less any applicable excess and premium increases that may have resulted from the TV being specified; and
- Pay 8% statutory interest on the settlement amount that exceeds £1,000 from the date the original settlement offer was made to the date of the new settlement payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 18 November 2022.

Josh Haskey
Ombudsman