

The complaint

Miss H complains that Harvey & Thompson Limited trading as H & T Pawnbrokers ("H&T") damaged a piece of jewellery.

What happened

In 2017 Miss H pawned some jewellery and this included a bracelet against which H&T lent £57. It seems it was sent to the auctioneers on at least one occasion to be sold, but Miss H requested that it be returned. Miss H collected it and when she opened the package at home she found the bracelet to be damaged. She took it back to the pawnbrokers and gather it was further damaged when being inspected.

H&T were unable to repair it had offered her £100 compensation. Miss H rejected this and made a formal complaint. H&T then offered Miss H £57. She brought a complaint to this service where it was considered by one of our investigators. Initially she suggested that H&T should pay £575 which Miss H said was the cost of a replacement bracelet she had seen in H&T's shop.

H&T responded to say that while it had offered compensation it was not certain that the bracelet had been damaged while in its possession. It also said that the bracelet Miss H and seen for sale at £575 was better quality gold and contained more valuable diamonds.

Miss H said that H&T had damaged her bracelet and she wanted compensation. She made a number of suggestions and said that she had paid very high rates of interest while the bracelet had been pawned. She suggested that the interest be repaid along with the loan amount.

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.

It is clear the bracelet is damaged and H&T agree that further damage was done to it when it was inspected by one of its staff. However, since the bracelet wasn't examined by Miss H until she returned home it cannot be said with total certainty when or where the initial damage occurred. That said H&T have accepted some responsibility and I agree that it should compensate Miss H.

I have noted the various suggestion she had put forward. On the matter of the interest she has paid I do not consider this should be returned to her. She entered into an agreement to borrow money at an agreed rate of interest. She has had the use of the money borrowed and H&T is entitled to charge her interest while that sum was outstanding. I would add that for the purposes of redress this service requires businesses to pay interest at an annual rate of 8% simple so this would not amount to a large sum on £57.

As for the value of the bracelet this has not been fully established. I accept that the replacement bracelet seen by Miss H is not identical to the one which was damaged so I

cannot say hers was worth as much. The sum lent against it was £57 so it is clear the bracelet was worth more than this. I am aware that generally the loan to value used by pawnbrokers can vary from as little as 10% to 80%. However, I have not been given a current value for the bracelet.

In summary Miss H has a damaged bracelet and I presume the gold and diamonds have some intrinsic value. It is clear that some of that damage can be said with certainty was caused by H&T. I agree she should be compensated and in the circumstances I consider the original offer of £100 is fair.

Putting things right

H&T should compensate Miss H.

My final decision

My final decision is that I uphold this complaint and I direct Harvey & Thompson Limited trading as H & T Pawnbrokers to pay Miss H £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 23 December 2022.

Ivor Graham
Ombudsman