

The complaint

Mrs B complains about Admiral Insurance (Gibraltar) Limited and their decision to reduce the cash settlement amount for her damaged TV after she'd already accepted a higher offer.

What happened

Mrs B held a Home Insurance policy, underwritten by Admiral. This policy included cover for the contents of Mrs B's home. In July 2022, Mrs B contacted Admiral to make a claim on this policy for her damaged TV. This claim was accepted, and Admiral initially offered Mrs B the choice of a cash settlement worth £1,417.67 or a voucher worth £1,549. Mrs B accepted the cash settlement offer.

But shortly after, Admiral made Mrs B aware they would only provide her with a cash settlement of £1,000, as this was the policy limit for a single, unspecified High-Risk item. Mrs B was unhappy the cash settlement offer had been reduced and so, she raised a complaint. Mrs B didn't think Admiral were fair to reduce the cash settlement offer, as she'd already been offered and accepted a higher amount. So, she thought Admiral should honour the original offer.

Admiral responded to the complaint and upheld it. They accepted they had mis-informed Mrs B by providing her with a cash settlement offer without ensuring this offer fell in line with the terms of the policy she held. So, they offered Mrs L £30 to recognise the upset this caused. But they thought Mrs L was only entitled to £1,000 as the TV wasn't specified as a high-risk item. So, they didn't think they were obliged to pay Mrs B the cash settlement offer she originally accepted. Mrs B 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 Admiral's terms and conditions made it reasonably clear to Mrs B that she would need to specify her TV as a high-risk item. And so, they didn't think it was fair for Admiral to cap the cash settlement to £1,000 because of this. So, they thought Admiral should pay the cash settlement Mrs B originally accepted.

Mrs B accepted this recommendation. But Admiral didn't. They thought the policy terms and conditions made it reasonably clear audio-visual equipment were classed as high-risk items. So, they thought it was reasonable to expect Mrs B to specify her TV, as they thought a TV fell under the audio-visual description. And because of this, they thought the £1,000 settlement limit set out within the policy applied and that they were fair to reduce Mrs B's settlement offer on this basis. 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.

When considering this complaint, 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, mobile 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 category 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 any items are specified.

So, because of this, I note Admiral believe the settlement reduction was fair, and in line with the terms set out above. But for me to agree, I need to be satisfied that the terms make it reasonably clear to Mrs B exactly what items would need to be specified. And I don't think it is reasonably clear that her TV fell into the category of a high-risk item here.

I understand why Admiral believe the TV falls into the category of audio-visual equipment as a TV does produce both sound and picture. But in the terms I've quoted 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 within this list, a TV isn't stated. I think this creates a certain level of confusion and I don't think it's unreasonable for a customer to expect a TV to be stated within this list, alongside the other electrical appliances.

I appreciate Admiral has pointed out that on a separate page of the policy booklet, a definition of audio-visual equipment is provided and within this "television sets" are referred to. But as this definition is placed in another part of the booklet, I don't think it's fair for Admiral to say Mrs B should then relate this definition back to another term in a completely different area of the terms and conditions, that she would already have read past.

So, while I can understand why Admiral believe the settlement limit is applicable in this case, I don't think the terms and conditions were clear enough to allow Mrs B to have fair and reasonable knowledge that the TV should've been specified. And so, I don't think Admiral have acted fairly when reducing Mrs B's settlement amount, when an increased original settlement offer had been both made and accepted.

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 B back in the position she would'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 B within the terms and conditions, or in some other way, that the TV needed to be specified, 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 a bicycle within a separate section of the policy schedule.

And if Mrs B had specified the TV as a high-risk item, she would've been paid the original cash settlement amount that Admiral offered which I also must take into account was offered to Mrs B and accepted initially. So, considering both of these points, I think Admiral should pay Mrs B the original cash settlement Admiral offered to her, which was calculated based on the actual value of the TV that was insured and damaged.

My final decision

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

- Pay Mrs B the original cash settlement amount that was offered to her, which she accepted, that was based on the TV's full value without any policy limitations.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 16 November 2022.

Josh Haskey
Ombudsman