

## The complaint

Mr and Mrs W complain Covea Insurance Plc settled a contents insurance claim unfairly.

Mr W's a policyholder and has been involved in the claim for Mrs W's ring. But for ease I've referred to his actions as being those of Mrs W.

## What happened

In May 2022 Mrs W claimed, on her Covea contents insurance policy, for damage to the claws of a ring and the resulting loss of two diamonds. She said the ring had been damaged when she had fallen over. Unfortunately Mrs W had the ring repaired before the insurer had validated the claim. As a result Covea only agreed to reimburse her about £400 of the £1,585 cost she paid.

Covea agreed to cover the replacement diamonds at the amount it would have paid its own suppliers – rather than what Mrs W paid. It refused to reimburse any of the repair costs. Essentially it said based on the information provided it wasn't satisfied the damage to all the ring's claws had been caused by a fall. It wanted to inspect the damage, but that wasn't possible as it had already been repaired.

Mrs W wasn't happy with that so made a complaint. Covea didn't change its position. In September 2022 our investigator recommended the insurer reimburse the cost of the repair. Mrs W accepted that assessment. But as Covea didn't respond to accept or reject the it the complaint was passed to me for a final 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.

Covea considered this claim under the accidental damage (AD) section of the policy. The policy defines AD as '*damage that happens suddenly and wasn't expected*'. As it paid out on the diamonds it seems Covea accepts the diamonds were lost as a result of AD. So it seems to accept Mrs W did take a fall and damage the rings in some manner.

Mrs W's repair estimate states that all the ring's claws required re-tipping. But Covea's jewellery specialist wasn't persuaded it's likely, considering the ring's design and the available photos, that all the claws were damaged in a single incident. Instead it's of the opinion they were worn and required rebuilding. So it requested further photos showing all the claws – or a visual inspection. As explained the repairs had already been completed so that wasn't possible. So Covea refused to cover any of the repairs.

The policy terms do state that Covea won't pay any claims if repairs are made when it isn't allowed an opportunity to look at any damage. But this service doesn't only consider technical terms of a policy. We think about what's fair and reasonable. In this case I don't think it's fair for Covea to rely on the term to deny part of the claim.

I say that as it failed, during the first notification of claim call, to advise Mrs W not to have any repairs made until it was satisfied with the claim. Covea's record of the call notes that Mrs W said she would send in the repair estimate and photos. She also noted as saying the ring was with her jewellers '*waiting to be repaired*'. There's nothing to indicate Covea told her to delay repairs to allow for a possible inspection. So it seems unfair for the insurer, having failed to tell Mrs W not to repair the ring, to later deny part of her claim on the basis.

I've considered Covea's specialist's comments about the likelihood of all the claw's being damaged by a single incident. I'm persuaded by the repairer's estimate that the claws required repair. Pre-repair photos do show some damage to the ring. I accept that not every relevant area of the ring is visible. But overall it seems more likely to me that the damage to the claws happened in the same incident as reported by Mrs W – rather than some of it having become worn as suggested by the jewellery specialist. So to settle the claim Covea will need to cover all the damage.

So far Covea's settled part of the claim by paying what it would have paid its own supplier rates, rather than the market rate Mrs W paid. Settling on that basis can be fair and reasonable in some circumstances, but not here. I accept Covea may have preferred to use its own lower cost supplier to do the work. But as I've set out above, when Mrs W said the ring was waiting to be repaired by her own jeweller, it failed to advise her not to go ahead. So it wouldn't be fair, with her then having paid the full market rate, for Covea to now settle the claim based on its own supplier's cost.

So Covea will need to, on receipt of evidence of payment, reimburse Mrs W what she paid for the repairs and diamond replacement – minus the £100 excess. It can deduct the amount it's already settled. To make up for her being unfairly without those funds it will need to add simple interest, at 8%, from the date she paid the invoice to the date of settlement.

I'm not awarding any compensation as there hasn't been, as far I'm aware, any serious unnecessary distress or inconvenience for Mrs W. I note she has been out of pocket for the funds, but the simple interest is intended to address that.

### **My final decision**

For the reasons given above, I require Covea Insurance Plc to on receipt of evidence of payment from Mrs W reimburse her the remaining balance of what she paid for the repair and diamond replacement – minus the £100 excess. It should also add simple interest at 8% from the date she paid the invoice to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Ms W to accept or reject my decision before 30 November 2022.

Daniel Martin  
**Ombudsman**