

The complaint

Miss P complains about St Andrew's Insurance Plc's handling of a claim under her home insurance policy following a flood.

What happened

The background to this complaint is well known to both parties, so I only intend to give a brief summary here. Both parties can be assured that I have read all of the documents, evidence and comments we have on file.

At the relevant times, Miss P had a home insurance policy underwritten by St Andrew's Insurance Plc (SAI). This covered buildings and contents at her property.

Miss P made a claim in late 2015 after flooding in her area had led to water inundating the lower part of the property. SAI accepted the claim and appointed loss adjusters to deal with it on their behalf.

Miss P has made a number of complaints about this claim and others she made to SAI. Some of those have been referred to our service and have been dealt with separately.

This complaint relates to the settlement of Miss P's contents claim relating to the 2015 flood. It's not for me, in this decision, to go over again the detail relating to the other complaints.

In short, Miss P's claim amounted to around £500,000 for contents she says were at her property and were damaged or lost as a result of the 2015 flood.

Having assessed the claim, SAI paid Miss P close to £91,000 in settlement of that contents claim.

Miss P was unhappy with this and made a complaint to SAI. And when they maintained their stance and said the settlement was fair and reasonable, she brought her complaint to us.

Miss P appointed her own loss assessor, who said the settlement should have been just above £497,000, if in line with the terms of Miss P's policy at its original inception, or around £258,000 if applying the terms as amended by SAI several years after inception.

Our investigator looked into Miss P's complaint and upheld it. He said that although he had no reason to doubt the settlement paid to Miss P, he thought SAI needed to do more to clarify for her how they'd reached that figure – which would then allow Miss P to provide any further evidence she had to substantiate other parts of the claim.

SAI disagreed and asked for a final decision from an ombudsman. They think their claim settlement decision was explained sufficiently thoroughly and it would be onerous to set out the exact items that were included - and not included - in the settlement figure.

It's only fair to mention that Miss P also had reservations about the proposed outcome. She wants SAI to pay the claim based on her own loss assessor's report.

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 might be best to start by setting out some general principles which apply to this case. First of all, SAI are entitled to ask for proof of ownership of any claimed items – and proof of their loss. And they're entitled to ask for evidence to help in their valuation of claimed items.

It's not unfair for SAI to decline a claim for items where there is no information or evidence to demonstrate ownership, and/or to show that the items were damaged beyond repair or restoration.

And it's not unfair for them to seek further information to value items. They could not reasonably be asked to simply take a customer's valuation of an item as accurate.

In this case, Miss P decided that she didn't want to have SAI's preferred contractor collect and store the damaged items. She took photographs and then disposed of many of the items herself.

SAI say that the photographs Miss P provided didn't feature many of the claimed items. And some items in the photographs appeared to be completely undamaged by the flood. It also appeared some items could have been reasonably easily repaired and/or cleaned and returned to Miss P.

In essence, Miss P appears to be claiming for a large number of items which are no longer available to inspect and for which there appears to be no proof of ownership, nothing to establish that they were damaged (or damaged beyond repair) and nothing to establish that the value ascribed to them by Miss P is accurate.

SAI also have concerns that some items which were apparently disposed of after the 2015 flood appear to have been claimed again after a later insured event.

To come to the point, given the nature and size of the claim and the events which followed it, I am not going to ask SAI to settle Miss P's claim in the way she wishes – according to her own loss assessor's calculations.

To begin with, it's not unreasonable for SAI to ask for proof of ownership and/or irreparable damage and/or evidence of value of the claimed items. And Miss P hasn't provided that as yet.

And Miss P's loss assessor's calculations assume all the items were owned by Miss P, all the items were lost or damaged and all the items had the value Miss P ascribed to them.

In essence, they were conducting an exercise to calculate the overall value of the claim based on two different sets of terms and conditions, assuming all the items were lost or damaged and correctly valued.

So, I'm not going to require SAI to increase the settlement already paid to Miss P in the absence of further evidence to demonstrate ownership, loss and/or value of the items claimed.

However, I agree with our investigator that SAI need to do more, to be fair to Miss P, to set out for her what evidence she needs to provide and about which items.

When SAI explained their calculation of the settlement (the close to £91,000 payment), they pointed out that Miss P's policy had limits relating to high risk items. In essence, they would pay only up to £10,000 for high risk items, plus a further £4,000 for personal possessions (which might include high risk items).

They said her claim had £222,000 worth of high risk items. High risk items include, for example, electrical goods, jewellery, art works and collections or collectables. So, of that £222,000 claimed by Miss P, the policy limits dictated SAI would pay only £14,000.

There is no overall limit for other contents. SAI said they'd valued clothing owned by Miss P at just over £78,000, subject to a deduction for wear and tear.

The £14,000 for high risk items and the payment for clothing add up to around the total settlement payment made to Miss P. It's not entirely clear whether that's a coincidence, although that seems unlikely.

The explanation provided by SAI (in an email of 28 February 2019) doesn't specify which claimed items SAI think are high risk items. And it's not entirely clear whether all items which *aren't* clothing or high risk have been excluded from the claim (although this seems likely given the maths I've set out above).

It might be worth noting at this point that £222,000 (the value of the high risk items according to SAI) plus £78,000 (the value of the clothing) comes to around £300,000. Which is still around £200,000 short of Miss P's total claim value.

That February 2019 email sets out some of the issues SAI have with Miss P's claim. But at the end, it also says SAI will review the claim settlement if: (a) Miss P provides photographs of all items and cross-references them to the XL list she'd earlier provided of claimed items; and (b) she provides evidence of the value of each item or explains how she's reached the valuation she's given.

If Miss P is to do that – without it being an onerous and more difficult task than it needs to be – she needs to know which items SAI regard as high risk. And which items they've already paid out for.

And that was why our investigator came to the conclusion that SAI should now set out for Miss P:

- (a) a list of the items covered by the payment under the inner limits of the policy (the £10,000 for high risk items and the £4,000 for personal possessions);
- (b) a list of items which would come under those limits but weren't paid out (i.e. the other high risk items and personal possessions);
- (c) a list of items not covered by those inner policy limits which they have paid out for; and
- (d) a list of items not covered by those inner limits which they haven't paid out for.

That would then allow Miss P to determine which items aren't subject to the policy limits and so could still be covered by SAI if she can provide the information or evidence they need.

This might be as simple as SAI telling Miss P they've paid for clothing but nothing else (other than the £14,000 within the limits for high risk items). And listing the remaining items they regard as not high risk. But I can't definitively draw that conclusion now given the evidence

we have at present and the lack of clarity or specificity in the explanations from SAI.

In summary, I agree with our investigator. It isn't fair and reasonable for SAI to tell Miss P they will reconsider her claim and the settlement amount *if* she provides further evidence about ownership, damage and value but then not tell her which items haven't been as yet covered by the settlement already paid.

Putting things right

Taking all of that into account, I'm going to require SAI to provide Miss P with a breakdown of her claim to show:

- (a) what items they regarded as high value; and
- (b) of the non-high value items, which have been paid for under the settlement of around £91,000 and which haven't.

This differs very slightly from what our investigator recommended, but not so as to make any significant difference to the outcome.

I'm not requiring SAI to split the high value items into ones that were paid under the claim and ones that weren't. That wouldn't reflect the way they'd handle a claim. It would be reasonable to stop assessing and valuing high risk items once you've reached the policy limit.

However, it does give Miss P the opportunity to look at the full list of high risk items and to question whether some of those items should in fact be regarded as high risk. And that's the important thing here, in my view.

SAI have told us they didn't keep lists of the claimed items to show what we're now asking them to disclose to Miss P.

However, I'm satisfied they should be able to list the items they regarded as high risk – they came to a very exact total valuation figure for those items (£222,000). That would have been impossible without knowing very specifically which items they regarded as high risk.

They should also be able to account for which items were covered in the c.£78,000 paid out over and above the £14,000 for high risk items and personal possessions.

As I say, that may have been the clothing and nothing else. But if so, SAI should confirm that.

And if not, it's again very difficult to see how SAI would have come to that exact and precise figure without knowing which items they were covering and which items they were not. So, they should now be able to list the covered and non-covered items for Miss P.

Further, to be absolutely clear, if SAI have in fact destroyed any records which would have allowed them to easily provide those lists to Miss P, they will now have to re-assess the list of claimed items. They'll presumably come to the same conclusion they did first time around assuming that original assessment was fair, reasonable and comprehensive.

My final decision

For the reasons set out above, I'm upholding Miss P's complaint in part.

St Andrew's Insurance Plc must provide Miss P with lists to show:

- (a) what claimed items they regarded as high value; and
- (b) of the non-high value items, which have been paid for under the settlement of around £91,000 and which haven't.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 30 December 2022.

Neil Marshall
Ombudsman