

The complaint

Mr D and Mrs D complain that Fairmead Insurance Limited improperly handled their contents insurance claim and damaged their property.

As the main policyholder and for ease, I'll mainly refer to Mr D in my decision. And any reference to Fairmead includes third parties that have acted on the insurer's behalf.

What happened

Mr D complained to Fairmead after it declined his claim for a damaged TV, and then sent it back to him with additional damage that wasn't present before. Fairmead explained that it had declined the claim correctly and passed liability for the additional damage to its third-party specialist. Mr D was offered a good will gesture of around £600 in vouchers, which he didn't accept. He'd also purchased a replacement TV by this point, which he says cost more.

Remaining unhappy, Mr D asked this service to review his complaint. He says Fairmead handled the claim poorly and made his and Mrs D's health conditions worse. Mr D wants Fairmead to pay him the correct value of the TV.

Our investigator wasn't satisfied that Fairmead had demonstrated how it reached the circa £600 voucher value. The investigator concluded that Fairmead acted unfairly and asked it to pay Mr D a cash settlement instead – based on the cost of a similar model and specification of the TV that was damaged. The investigator also recommended that Fairmead pay £150 to Mr D for the distress and inconvenience caused.

Fairmead didn't agree – it says that the TV wasn't covered by the claim at all and so it shouldn't be held liable, given its specialist took ownership of paying damages. So the complaint has been passed to me for a final say on the matter.

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've decided to uphold this complaint. I'll explain why.

I think it's important to reiterate some of the investigator's comments about liability. The insurer seems to have incorrectly believed it wasn't responsible for the damage caused by its third-party specialist or by the courier it used. Mr D's complaint is about Fairmead's handling of the claim. Any third parties appointed to act on the insurer's behalf are an agent of the insurer. Therefore, Fairmead is responsible for any agents it appoints, as well as anyone else appointed by the agent to carry out an activity relevant to the claim. So, contrary to what Fairmead may have previously thought, it is indeed responsible for the actions of its specialist and can be held liable for the additional damage caused to the TV when it was returned to Mr D.

Fairmead seems to have declined the claim fairly and in line with the terms of the policy. I

can see it relied on its specialist's assessment, which was carried out twice after Mr D disputed the initial findings. Without any other expert opinion that the TV claim did satisfy the terms of a valid claim, I can't conclude that the insurer acted unfairly by declining the claim.

There isn't a dispute that the TV was returned to Mr D with additional damage that didn't exist when Fairmead's specialist examined the TV. The report from the specialist doesn't note the damage that can be seen on the pictures taken by Mr D after the TV was returned. I can't say for certain how or when the damage occurred. But it seems more likely than not that the damage took place whilst the TV was under Fairmead's care. So I agree that Fairmead should be liable for covering the cost of a replacement.

Fairmead hasn't demonstrated how it determined the voucher value that it offered Mr D. So it's unclear if this was simply a figure the insurer arrived at as one it thinks is appropriate, or whether Fairmead carried out an actual valuation of Mr D's TV. The notes on file suggest the voucher represented the value of a like-for-like replacement, but Fairmead hasn't evidenced how this amount was reached. In my opinion, the fairest approach is to issue a revised settlement to Mr D based on the value of the TV that was damaged. So I'll be asking the insurer to recalculate the settlement offer based on this.

Mr D says he's already purchased a new TV. I don't think it's fair to ask Fairmead to cover the cost of the new TV, given the specifications and value of this new TV could exceed that of the TV that was damaged. So I share the investigator's opinion that the fairest approach is for Fairmead to pay a settlement based on the value of a similar TV. Given Mr D had already purchased a new TV, I think a cash settlement instead of a voucher is reasonable.

Mr D expressed concerns about the overall claim handling. I haven't seen anything that makes me think that Fairmead unfairly delayed the claim. But I can understand that the insurer's wrongdoing is likely to have aggravated Mr D's and Mrs D's medical conditions, especially as the TV had a sentimental value. So I'll be asking Fairmead to compensate Mr D because of the distress it caused.

For these reasons, I've decided that Fairmead acted unfairly. It should settle this complaint in line with what I'll set out below.

Putting things right

Fairmead is liable for the damage caused to Mr D's TV. To put things right, Fairmead should:

- Pay Mr D a cash settlement – Fairmead should calculate the figure it will pay by finding out the value of a similar specification TV to that which was the subject of this claim.
- Write to Mr D to explain how it has reached its cash settlement figure and provide details of the relevant retailer from which the settlement value was determined.
- Pay Mr D £150 compensation.

My final decision

I'm upholding this complaint. To put things right, Fairmead Insurance Limited should settle this complaint as per my instructions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Mrs D to accept or reject my decision before 24 February 2023.

Abdul Ali
Ombudsman