

## The complaint

Mrs K complains that QIC Europe Ltd (“QIC”) has unfairly declined her contents insurance claim. Any reference in this decision to QIC or Mrs K includes the parties’ respective agents and representatives unless specified otherwise.

## What happened

The background and circumstances of this complaint are known in detail to the parties involved so I’ll set out what I’ve found to be the key points.

- Mrs K made a claim on her home insurance policy, underwritten by QIC, for a lost ring. The ring was purchased over 20 years earlier and was at that time valued at £1,250. Mrs K thought the QIC policy limit of £2,000 for a single unspecified item provided sufficient cover for the ring.
- Upon receiving Mrs K’s claim, QIC appointed its own jewellery specialists to provide an up-to-date valuation, which was £3,850, so it was more than Mrs K’s initial valuation and more than the relevant cover limit.
- QIC declined the claim in full saying Mrs K had failed to disclose the ring and its true value at the time the policy was incepted and that had it been aware the value of the ring was greater than the cover limit of any individual item, it would’ve applied an endorsement and/or an additional premium. It said that as the value wasn’t disclosed it was unable to provide cover for Mrs K’s loss.
- Mrs K thought this was unfair. She accepted she wasn’t entitled to claim the current value of the ring but thought QIC should reasonably still pay her the cover limit amount or at least the initial valuation amount.
- Our investigator considered Mrs K’s subsequent complaint about the matter and initially didn’t uphold it, but later changed his mind. He said QIC had failed to demonstrate that it had fairly declined the claim based on Mrs K not providing an accurate valuation. As a result, he concluded that it was reasonable for QIC to pay the claim at the cover limit.
- The investigator asked QIC for its comments in response to this on more than one occasion, but it didn’t reply or provide any further information about its reasons for declining the claim and why it thought this was fair.
- The complaint has been passed to me to make 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.

Having done so I’ve decided to uphold this complaint and I’ll explain why.

- From what I’ve seen, when taking out the policy Mrs K was asked “*Do you have any valuables or personal items worth over £2,000 each (not including bicycles)*”, to

which Mrs K answered “No”.

- On receipt of her claim, QIC’s jewellery specialists valued Mrs K’s ring at £3,850. This valuation doesn’t seem to be in dispute between the parties. So, on the face of it, the answer Mrs K gave to QIC when applying for the policy was wrong and she failed to specify the ring on the policy as a result.
- QIC says that failure to specify items worth over £2,000 means they won’t be insured under the policy. And that had it known about the true value of Mrs K’s ring it would’ve applied an endorsement and/or an additional premium.
- Mrs K says she never specified the ring on the policy as in her opinion, she did not think it would be worth more than £2,000. The ring had been bought as a present for her by her late husband who had previously dealt with such matters and so she answered the question QIC asked to the best of her belief and knowledge. Essentially, she never took out the policy expecting her ring to be covered for more than the limit of £2,000.
- I’ve thought about this carefully and in the specific circumstances of this case, I’m not persuaded the answer Mrs K gave was unreasonable. I’m satisfied she answered it to the best of her knowledge and in line with the cover amount she thought she needed. So I don’t think it would be fair or reasonable in this case for QIC to apply its terms as it has suggested.
- For completeness, even if I agreed that Mrs K’s answer was unreasonable (which I don’t in this case for the reasons given), for me to also agree that it’s fair for QIC to take any action it still must show that the unreasonable answer had a negative impact on it. But I’m not satisfied it’s done this.
- I say this because, it’s failed to tell us how much, if at all, the premiums would’ve increased by if Mrs K had specified the ring and its value. It does say that had Mrs K specified the ring, it would’ve applied an endorsement requiring her to have the ring valued every three years. And that failure to do so allows it to decline the claim, which is what it’s now done, so it thinks this is fair in line with the policy.
- But from what I’ve seen, failure to comply with the endorsement allows QIC to either not pay the claim or reduce it. So, there’s two options available to QIC under the endorsement and it’s failed to explain why it was *fairer* in this case for it to *decline* Mrs K’s claim instead of *reducing* it. In the absence of a response from QIC to this point, the endorsement alone wouldn’t persuade me that it was fair for QIC to decline Mrs K’s claim in full in this case.
- I’m satisfied QIC has been given ample opportunity to reply and provide more information with regards to these points, but to date we’ve had no response.
- It follows that on balance of what I’ve seen, I agree with our investigator that QIC has failed to sufficiently evidence in this case that it acted fairly by declining Mrs K’s claim the way it has. It must now take steps to put things right.
- From what I’ve seen, Mrs K does have cover under the policy for loss of *unspecified* items away from the home up to £2,000 each. The ring was unspecified because Mrs K didn’t think it was worth more than that limit for the reasons already explained. And as a result, she’s not claiming for the amount QIC say the ring is worth but rather the applicable cover limit. I think this is fair and reasonable in all the circumstances of this case, so QIC should pay Mrs K’s claim at the applicable cover limit of £2,000.

### **My final decision**

For the reasons set out above, my final decision is that I uphold this complaint.

QIC Europe Ltd must pay Mrs K's claim at the applicable cover limit of £2,000 in line with the policy terms and conditions (less any applicable policy excess).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 12 April 2023.

Rosie Osuji  
**Ombudsman**