

The complaint

Mr J has complained that AXA Insurance UK Plc (AXA) unfairly declined a claim under his home insurance policy.

What happened

Mr J damaged his watch. He had it repaired and submitted a claim to AXA. AXA investigated the claim and declined it. It said the watch was worth more than £5,000 and hadn't been inspected or fixed in the previous three years, which was a requirement of the policy.

When Mr J complained, AXA maintained its decision to decline the claim. So, Mr J complained to this service. Our investigator upheld the complaint. He said Mr J's watch was insured for £5,000 and although AXA said the watch was now worth more than that, prices could fluctuate a lot. He said it wasn't clear the watch was worth the amount AXA said it was. He said it wasn't fair for AXA to decline that claim and it should pay the repair cost and £100 compensation.

As AXA didn't reply, the complaint was referred to me.

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 uphold this complaint. I will explain why.

AXA declined the claim because of a policy term that said:

“For physical damage claims, cover isn't provided for:

- *Jewellery or watches worth more than £5,000 individually that have not been inspected and fixed (where a fix is needed) by a Qualified Jeweller within three years of the claim being made”.*

Mr J paid £4,800 for the watch a few years before and it was insured for £5,000. I've looked at how AXA considered the claim. At some points it seemed to think there might be an issue because of the policy wording and that the watch was insured “at” £5,000. The wording said it needed to be worth “more than” £5,000. So, I don't think the wording can fairly be interpreted as applying to items worth £5,000. At other points, the discussion seemed to focus on the watch being worth more than £5,000. However, I haven't seen evidence that showed the watch was worth more than £5,000 at the time of the claim. I'm aware AXA has said it is now worth more than that, but I'm not persuaded that this shows the value at the time of the claim or that the watch was worth more than £5,000.

I note that the policy also said:

“We will treat You fairly if the value of an item changes during the Period of Insurance. For example, if the price of gold were to suddenly double during the life of the policy, We would take this into account at point of claim.”

I haven't seen evidence that AXA took this into account to see if it affected its view of the watch's value and how the claim should be considered. Overall, I'm not persuaded that AXA acted fairly by applying the wording for an item worth more than £5,000.

I also note that while it was considering the claim, AXA discussed it internally and said: *“As this is impact and the inspection would not have changed the outcome we can cover this claim.”* But, within the same email, then said it would strictly apply the wording anyway and decided to decline the claim. So, AXA didn't seem to think that an inspection would have made any difference, given the circumstances of the claim. But, it declined it anyway. In my view, that further shows that AXA didn't give Mr J's claim fair consideration.

Having considered all the evidence, I uphold this complaint. I require AXA to pay Mr J's costs for repairing the watch, which was £1,285. I also think Mr J was caused distress and concern by the way AXA considered his claim. So, I also think AXA should pay Mr J £100 compensation.

Putting things right

AXA should pay £1,285 to settle the claim and £100 compensation.

My final decision

For the reasons I have given, it is my final decision that this complaint is upheld. I require AXA Insurance UK Plc to pay Mr J £1,285 to settle the claim and £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 25 April 2023.

Louise O'Sullivan
Ombudsman