

The complaint

Mr P and Mrs P are unhappy with the service provided Fairmead Insurance Limited (Fairmead) following a claim under the contents section of their home insurance policy.

Mr P and Mrs P are both parties to this complaint. Mr P's and Mrs P's broker has also been involved with contacting Fairmead during the claim. Mr P has primarily dealt with this service. For ease of reference I have referred to Mr P throughout this final decision.

Fairmead are the underwriters of this policy. Part of this complaint concerns the actions of the agent, company P. As Fairmead have accepted they are accountable for the actions of company P, in my decision, any reference to Fairmead includes the actions of company P.

What happened

Mr P held a home insurance policy with Fairmead. The policy included an excess of £500 for contents cover.

Mrs P owned a diamond engagement ring. The policy schedule did not include a specified value for Mrs P's ring.

The valuables section of the policy booklet explained:

Jewellery and guns – payment basis for total losses

We will, at our option, pay for or replace any specified item, pair, or set up to the sum insured shown on your schedule following loss or damage covered by this policy.

For any item, pair or set not specified on your schedule, we will, at our option, pay for or replace up to its - market value for antique and investment items - current cost as new for all other items at the time of the loss but no more than £10,000 per item, pair or set.

In October 2022 Mr P made a claim on the policy because Mrs P's ring was damaged. Fairmead arranged for Mrs P's ring to be independently inspected by jeweller J.

The jewellery shop where Mr P had purchased Mrs P's ring from (jeweller D) advised that the replacement diamond for Mrs P's ring would be valued at £14,300.

Jeweller J said they could offer a replacement ring. They provided Fairmead with a design specification. Company P told Mr P about the ring that could be offered as a like for like replacement:

The damaged diamond is described by them as - 1 x 1.14ct Round Brilliant Cut Diamond, Colour: G, Clarity: SI2, Symmetry Grades: Excellent, they can supply the following – a 1.1 Sets G SI2 Diamond with the Triple Ex grades on a GIA Diamond Certificate. As you can see the diamond is exactly the same quality as the one

offered by [jeweller D] and the ring would look the same as it did before it was unfortunately damaged.

Mr P was told that a cash settlement could be offered (up to the policy limit of £10,000) or the ring could be replaced with a like for like as described by jeweller J.

Mr P opted to receive a cash settlement. He also requested for the ring and stone to be returned. Fairmead agreed to do this.

Mr P was provided with the agreed cash settlement of £10,000 and the ring, but not the stone. Mr P complained to Fairmead as it had been agreed that he'd receive both the ring and stone in settlement on his claim.

Fairmead apologised to Mr P, accepting that they'd made an error in telling Mr P that he would receive both the ring and stone back in addition to the cash value for his claim. Fairmead explained that as Mr P had been compensated in cash for the stone already, he wouldn't be entitled to receive the stone back.

Mr P was unhappy with Fairmead's decision saying that they should honour what was agreed, and so brought his complaint to the Financial Ombudsman Service for investigation.

The investigator found that Fairmead had acted reasonably in paying Mr P what he was owed in accordance with his policy, but found that the service provided was poor because of the incorrect information provided. The investigator found that Fairmead should pay £100 to Mr P because of the confusion caused by their error.

Fairmead agreed with the investigator's findings.

Mr P didn't agree with the investigator's findings saying (amongst other things):

- I understand you state there was a £10,000 limit BUT they never advised to increase it. Surely that is a valid point as that is the whole argument really.*
- The insurer knew very well that the ring was not being replaced like for like and their alternative for a replacement diamond was not the same it was different.*

As the complaint couldn't be resolved it has been passed to me for 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.

I'd like to reassure the parties that although I've only summarised the background to this complaint, so not everything that's happened or been argued is set out above, I've read and considered everything that's been provided.

Having reviewed the evidence I agree with the investigator's recommended compensation for this complaint for broadly the same reasons. I can understand this is likely to come as a disappointment to Mr P but I hope my findings go some way in explaining why I've reached this decision.

It's not disputed that Fairmead made an error when dealing with Mr P's claim. When we find that a business has made an error, we consider what should've happened, and the impact on a customer because of what went wrong.

Mr P's policy doesn't list the engagement ring as a specified item. The maximum amount Mr P's policy would pay in the event of a claim for jewellery is explained in the policy booklet:

For any item, pair or set not specified on your schedule, we will, at our option, pay for or replace up to its - market value for antique and investment items - current cost as new for all other items at the time of the loss but no more than £10,000 per item, pair or set.

I understand Mr P enquired about the cost of replacing Mrs P's ring with jeweller D, where he'd originally purchased it from. He was told it would cost £14,300 to replace Mrs P's ring.

While Mr P feels strongly that he has suffered a loss because of the value for the ring provided to him by jeweller D, I'm satisfied that the value offered for £10,000 was in line with the terms and conditions of Mr P's policy. We wouldn't expect Fairmead to offer any more than the cover agreed to by Mr P at the time of taking out his policy. So I'm satisfied the correct amount has been paid to Mr P.

Mr P says he was never advised to increase the value of the insurance cover for his jewellery. I've considered Mr P's comments alongside what was explained to him at the time of taking out insurance.

While Mrs P's engagement ring was not listed as a specified item, Mr P does have several other items that have been included in his policy with a specified value. Mr P's policy schedule explains that for these items '*In order to ensure payment of any claim, your sums insured must be maintained at full value at all times as follows... [including] The current market value for fine art and antiques and antique and investment jewellery*'.

Although this wording isn't relevant for Mr P's claim (as the engagement ring wasn't a specified item) I think Mr P was made reasonably aware of the requirement to check that the amount of cover was sufficient in the event of a claim.

Mr P says he was not offered a like for like replacement for the engagement ring. I've considered Mr P's comments alongside the ring specification provided by jeweller J. In doing so, while I can appreciate Mr P's frustration at not being offered exactly the same ring Mrs P had before it was damaged, I think the replacement offered was reasonable.

I've considered the bespoke design and cut of jewellery like Mrs P's engagement ring. I don't think it would be reasonable to find an exact replica of this ring. We would expect an insurer to offer a like for like to the nearest equivalent of its kind. I think the ring offered by jeweller J (although not to Mr P's satisfaction) was a reasonable match. And Mr P still had the option to take the cash settlement instead- which is what he chose to do.

It's not disputed that Mr P was provided with incorrect information about receiving both the ring and stone in settlement of his claim. This information led Mr P to believe that he would benefit from both the cash settlement and the stone from Mrs P's ring.

When thinking about the impact on Mr P, I think the £100 recommended by the investigator is fair and in line with what we'd recommend in the circumstances. This amount is in recognition of the upset caused to Mr P in having to seek clarity from Fairmead about what had been agreed, and chasing Fairmead for return of the stone- which should not have been agreed to being returned in the first place.

Mr P says the compensation awarded doesn't reflect what was agreed by Fairmead when they told him the stone would be returned. Mr P says Fairmead should honour what they said would happen.

I understand Mr P is ultimately unhappy with the outcome of his claim in respect of the stone not being returned as he understood it would be. However, the terms of the policy don't entitle Mr P to receive both the cash settlement and the stone.

Mr P has been paid settlement for his claim correctly, and in line with his policy terms. The £100 award fairly recognises the impact on Mr P because of the incorrect information he was given, but also that the outcome of the claim remains unchanged.

Putting things right

Fairmead Insurance Limited must pay £100 to Mr P.

My final decision

For the reasons provided I uphold this complaint.

Fairmead Insurance Limited must follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P and Mrs P to accept or reject my decision before 26 April 2023.

Neeta Karelia
Ombudsman