

The complaint

Mr and Mrs W have complained that Covea Insurance plc ('Covea') declined their claim for loss of a watch under their home insurance policy.

What happened

Mr and Mrs W took out an insurance policy with Covea. They had specific contents cover for a watch of a particular make and model and it was insured for a significant sum. Mr W had owned the watch for over 40 years and had purchased it after Mr and Mrs W's marriage. Mr W had worn the watch to a work visit on a particular day and at a second work visit, realised that it had been lost. He was unable to find it at either work location or in the car.

Mr and Mrs W then made a claim on the policy in January 2023, however Covea declined the claim. It said that Mr and Mrs W had been unable to produce proof of ownership of the watch as they didn't have the original receipt or other adequate evidence. Mr and Mrs W complained to Covea. Whilst Covea upheld the complaint in relation to certain services issues, it maintained its stance in relation to decline of the claim.

In the circumstances, Mr and Mrs W referred their complaint to this service. Having considered the available evidence, the relevant investigator upheld their complaint and thought that Covea had acted unfairly in declining the claim. The investigator thought that Covea should settle Mr and Mrs W's claim and pay interest from the date of claim.

Covea didn't agree with the outcome of their complaint. The matter has therefore been referred to me to make a final decision in my role as Ombudsman.

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.

The issue for me to determine is whether Covea applied the terms and conditions of the policy in a fair and reasonable manner in declining Mr and Mrs W's claim. I don't consider that it did, and I'll explain why. In reaching this final decision, I've considered the submissions of the parties as summarised below.

Mr and Mrs W provided a helpful timeline of events. Following the claim, they said that Covea asked them to forward photographic evidence of the watch for the jewellery specialist to value it. They also said that the relevant specialist confirmed that they could value the watch from photographs. Covea's representative then asked Mr and Mrs W to provide proof of purchase, whilst indicating that she considered the claim to be genuine. Mr W said wasn't told that he would need to provide a certificate of authenticity after the event of a claim. Mr W said that he'd reverted to the seller but that it only kept records going back 25 years. He'd also contacted a company which had serviced the watch, but they didn't keep records either. He did however supply a receipt from a repairer showing a battery replacement in September 2018. Mr W also provided photographs in which he was wearing what he said was the specifically insured watch.

I now turn to what Covea has stated about the matter. It thought that the policy wording confirmed that it would need to see the proof of value and ownership prior to the loss and that Mr and Mrs W hadn't provided this. It referred to a specific part of the policy booklet as to its approach to settling claims. It underlined that proof was needed to show that customers owned what they were claiming for, and also as regards value before the loss occurred.

Covea also provided helpful file notes. These notes recorded that Mr W had been candid in stating that whilst the watch had a specified value in the policy schedule of £4,500, he'd never had it valued. The notes record Covea's indication that a cash settlement had been considered as the watch couldn't be replaced on a like for like basis in the current range of the make. Covea's valuers advised a value of £4,200. Covea had noted the photographs supplied but felt the evidence didn't prove authenticity. As to the 2018 receipt for a battery replacement, Covea said that as it didn't have Mr W's name on it, it wasn't sufficient proof of ownership.

As to the service issue which Covea upheld, it said that Mr and Mrs W should have been provided with clearer explanations about the information it required. It said that it should have advised that Covea may not settle a claim without this information. It apologised for this and said that feedback would be passed on *'to prevent it happening in the future.'*

Having considered all evidence and submission, I'll now explain the reasoning for my decision. The starting point is the policy wording itself. Under the heading *'How We Will Settle Your Claim'*, the policy booklet states that *'You'll need to provide us with proof that you own what you're claiming for. We'll also need to see proof of value (how much it was worth before the loss or damage).'*

Whilst I agree that the policy wording is clear, I'm satisfied on the balance of probabilities that the evidence shows that Mr W owned a watch of the make and model claimed and that he recently lost it. I'm also satisfied that a reasonable value for that watch was £4,200 and that Mr and Mrs W's insurance policy covered the unfortunate loss, for the following reasons.

In this case, I note that the watch had been insured as a specific item for many years, with a specific make and model being recorded in the policy schedule. Whilst the photographs are not particularly detailed, they do show Mr W wearing a distinctive watch matching the make and model which Mr W had lost. Whilst it doesn't prove authenticity beyond all reasonable doubt, I'm persuaded that it does so on the balance of probabilities. I consider that the receipt for a replacement watch battery in 2018 provides supporting evidence of ownership, as it is relatively expensive and references a watch of the relevant make. I appreciate that this doesn't bear Mr W's name or his address, however I'm persuaded that this relates to Mr W's watch for which specific cover had been obtained.

I also note that Covea's valuer had said that they would be happy to carry out a valuation on the watch on the basis of the photographs and indeed provided a figure of £4,200. Mr and Mrs W had obtained specific individual cover for the watch of this make and model. I note that the valuation figure is similar to the figure for which Mr and Mrs W had obtained cover and that Mr and Mrs W had provided the same figure for at least the past four years. Whilst this doesn't provide evidence of value prior to loss, the combination of the above factors does so. This leads me to the conclusion that the value of £4,200 prior to loss was a fair and reasonable figure, and confirmed on behalf of Covea.

Ideally Mr and Mrs W's claim for a valuable item would have been supported by a receipt or certificate of authenticity from the time of purchase. Ideally, it would also have been supported by a jeweller's valuation before being accepted for insurance cover. Nevertheless, I'm satisfied that the available evidence substantially fulfilled the requirements of the policy

terms and conditions. I conclude that it wasn't fair or reasonable for Covea to apply the wording of the insurance policy in the way that it did to decline Mr and Mrs W's claim.

My final decision

For the reasons given above, I uphold Mr and Mrs W's complaint and require Covea Insurance plc to do the following in response to the complaint.

- To settle Mr and Mrs W's claim for the watch in the sum of £4,200 less any excess amount contained in the policy.
- Pay 8% simple interest* per annum on the settlement sum from the date of claim to the date of settlement.

*If Covea considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr and Mrs W how much it's taken off. It should also give Mr and Mrs W a certificate showing this if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 14 July 2023.

Claire Jones
Ombudsman