

The complaint

Mr and Mrs P are unhappy with the settlement they've been offered by Covea Insurance plc (Covea) following a claim under their home insurance.

What happened

In December 2021 Mr P's wallet was stolen when he was shopping. His wallet contained two rings, some cash, his driving licence and bank cards. Mr and Mrs P made a claim to Covea, their home insurance provider.

Covea initially said both rings would be covered and offered settlement, but Mr and Mrs P didn't think the settlement being offered was fair. Covea re-reviewed things several times, and the end position they reached was that one of the rings would be covered as it was specified on the policy. But they said the other ring wasn't covered as it wasn't specified, and Mr and Mrs P didn't have unspecified personal possessions cover away from the home.

Due to the conflicting information around the claim decision, Covea initially offered £100 compensation, and later offered a further £25 compensation.

Mr and Mrs P were unhappy with the settlement offered for the ring which was covered under their policy, and that the other ring wasn't covered. So, they approached this service.

Our investigator looked into things, but he didn't recommend Covea do anything further. Mr and Mrs P didn't agree. Our investigator obtained some more information from Covea (and their agents) and considered things further.

Ultimately our investigator still didn't recommend Covea do anything further. He said one of the rings, the wallet and cash weren't covered, so Covea hadn't acted unfairly by declining that part of the claim. He said he was unable to listen to a call which Mr and Mrs P said they had with Covea before taking out their policy, but he said the documents they were provided with outlined the cover they had.

The investigator also said he thought the settlement offered for the ring which was covered was fair and reasonable, and in line with the terms of the policy, so he didn't recommend it be increased. He also said the £125 compensation offered by Covea for the conflicting information was fair, so he didn't recommend Covea do anything further.

Mr and Mrs P didn't agree and asked for a final decision from an 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.

Having done so, I've reached the same outcome as our investigator.

There were two rings which were claimed for, I'll consider each separately. But to be clear, the ring covered under the policy I'll refer to as ring A, and the ring not covered I'll refer to as ring B.

Ring A

Covea accepted the claim for ring A. This ring was individually specified on Mr and Mrs P's policy due to its value. Therefore, there was cover provided for this ring under specified personal possessions away from the home cover.

Covea's jewellery specialist validated the claim for this ring and the following settlement offers were ultimately made:

- A voucher to the value of £1,985
- A cash settlement of £1,306.79
- If the cash settlement option was chosen, an additional reimbursement of £261.36 VAT would be given on receipt of an invoice
- Both settlement options would be subject to the policy excess deduction

Mr and Mrs P have since paid to replace the ring at a cost of £1,985. So, they want that amount as a cash settlement, rather than a discounted amount or voucher.

The terms of Mr and Mrs P's policy explain:

"The insurer can choose to replace, repair or reinstate the lost or damaged property. If you request a cash settlement this will be restricted to the discounted replacement price we would normally pay using our own suppliers."

This means that in the event of a cash settlement, Covea will pay the cost to them, and that will take into account any discounts that Covea may receive. Mr and Mrs P obtained a quote for replacing the ring totalling £1,985. Covea offered this amount as a voucher, as they said the supplier that quoted was in their approved networks for this type of settlement.

I don't think the voucher offer was unreasonable as it was to the value of the quote Mr and Mrs P obtained, which was from a jeweller in Covea's approved supplier network. However, Covea will obtain discounts and this is the reason the cash settlement is for a lower amount than the voucher total being offered, because this would be the cost to Covea. So, I don't think Covea's cash settlement offer was unfair as this is the cost to them in settling the claim for the voucher for the approved network supplier.

I do recognise Mr and Mrs P went ahead and purchased a replacement ring in the interim whilst the claim was being considered by Covea, but I can't see that they were told to do this by Covea or this was agreed beforehand. Whilst it may have cost Mr and Mrs P more in cash than the cash offer being made by Covea, I don't think either of the offers Covea made were unfair. So, I'm not going to direct Covea to increase the cash amount, as I'm satisfied that what has been offered is in line with the terms of Mr and Mrs P's policy, and they weren't entitled to that amount in cash under the policy terms.

More recently, Mr and Mrs P have also obtained a further quote which was higher by approaching Covea's claims agent as a new private customer. However, I'm satisfied the offers made by Covea were fair, and they also took into account the quote Mr and Mrs P obtained for a replacement at the time (which is also the amount they paid to replace the ring).

So, to conclude, I don't think either of the offers made by Covea were unreasonable or outside the terms of Mr and Mrs P's policy, so I'm not going to direct Covea to increase either of them.

As I understand it, neither settlement has been given to Mr and Mrs P as they didn't accept either of them. So, I'll leave it to Mr and Mrs P to now decide which option they'd rather accept, and they should then approach Covea directly to confirm this and to arrange the claim settlement with them.

Ring B

Covea said ring B would be covered and offered settlement, but that decision was later reversed – and this happened more than once. Ultimately the end position was that this ring wasn't covered under Mr and Mrs P's policy. So, I'll focus on the reasons for this specifically.

However, I've also considered separately below the overall service Mr and Mrs P received, including the impact of the conflicting advice and change of claim decision.

Covea says ring B isn't covered under Mr and Mrs P's policy. This is because for cover away from the home, personal possessions cover was required. Any item over £2,000 needed to be individually specified, and any items individually less than that amount needed to be included in an overall sum for unspecified personal possessions cover away from home.

There were only two rings specified on the policy (ring A and another ring not being claimed for) as they were valued at more than £2,000 individually. But ring B wasn't specified as the value was less than £2,000. But importantly, there was no unspecified personal possessions cover under the policy for losses away from the home as this cover wasn't taken out by Mr and Mrs P, so that ring wasn't covered.

Therefore, the only cover away from home under Mr and Mrs P's policy was for the two specified rings. On this basis, and as the loss happened away from the home, I don't think Covea acted unfairly by declining the claim for ring B.

Mr and Mrs P say that before they took the policy out online in 2020, they called Covea. They say they were told the only items which needed to be individually specified were the two rings that were as the individual values were more than £2,000.

As explained to Mr and Mrs P by our investigator, the agent acting on behalf of Covea at the time the alleged advice was given hasn't provided this call. So, I have to reach my decision on balance, and taking into account the remaining information.

As I mentioned, Mr and Mrs P say they were told the only rings they needed to individually specify were those valued at £2,000 or more. If that's what they were told, I don't think that advice was incorrect. That's because any items valued at £2,000 or more do indeed need to be specified individually.

However, whilst the other items (ring B included) were valued at £2,000 or less and didn't need to be individually specified, for cover to apply outside the home, unspecified personal possessions cover would need to have been in place. But this cover wasn't taken out by Mr and Mrs P.

Had the loss been in the boundary of the home, then they *may* have been covered under the general contents cover. But for cover away from home, unspecified personal possessions would need to have been taken for any items below £2,000, and any items over that amount individually specified. So as there was no cover for personal possessions valued at less than £2,000 away from home, I don't think Covea has acted unfairly by declining this part of the claim for ring B.

I should also note, as mentioned, that I haven't been able to listen to the call Mr and Mrs P said took place when they first took out the policy. But, two months prior to the loss occurring, the policy was renewed for a second year. And Mr and Mrs P's policy documents sent at the time of renewal and before the loss occurred also confirmed (as did their original policy documents), that they had no cover away from the home beyond the two specified rings.

Wallet & cash

Covea also didn't accept the claim for the wallet or cash. Our investigator said that as there wasn't unspecified personal possessions away from the home cover then there wouldn't be cover for this either.

I agree with what our investigator says here.

Overall service

It's clear that suffering the loss of your personal items will be distressing in itself, and even more so to discover not all items are covered under your insurance policy. But here this was added to by Covea given conflicting information about the claim for ring B. This led to Mr and Mrs P being under the impression that ring B would be covered, to later be told it wouldn't – and this happened more than once.

Mr and Mrs P say Covea should settle the claim for ring B as they were told it would be covered more than once. But for the reasons outlined above, this item wasn't ever covered under Mr and Mrs P's policy, so it wouldn't be fair or reasonable for me to direct Covea to pay this based on their incorrect advice alone.

But I do accept this would have caused Mr and Mrs P additional inconvenience and a loss of expectation. However, Covea has already offered a total of £125 compensation for their handling of things, and the incorrect advice they gave. And having taken everything into account, I don't think that amount of compensation is unreasonable, so I'm not going to direct Covea to increase it.

My final decision

Covea Insurance plc has already made an offer to pay £125 compensation to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is that Covea Insurance plc should pay £125 compensation if they haven't already done so.

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 8 June 2023.

Callum Milne
Ombudsman