

## **The complaint**

Mrs S complains about Covea Insurance plc and the amount they offered her to settle her claim following the loss of her engagement ring.

## **What happened**

Mrs S held a home insurance policy, underwritten by Covea. Within this policy, Mrs S specified her ring, estimating its value at £4,500. Unfortunately, in early 2022, Mrs S lost this ring. So, Mrs S contacted Covea to make a claim on the policy.

As part of the claim process, Covea asked Mrs S to provide images of the ring, as well as proof of purchase. Covea then instructed an independent jeweller, who I'll refer to as "L", to validate the claim and value the ring that had been lost. And then, if necessary, look to replace the ring. L accepted the ring as owned but explained the photo's provided weren't clear. So, they valued Mrs S' ring based on the description Mrs S provided. And having done so, they valued Mrs S' ring at £17,220.

Comparing this valuation against the estimated value Mrs S declared on the policy, Covea classed Mrs S as being underinsured. So, they offered Mrs S a proportionate settlement of the estimated value she provided, based on the increase in premium she would've paid had Mrs S estimated the value of the ring as the same as the estimate L provided. So, Covea offered Mrs S a final settlement amount of £2,324.70. Mrs S was unhappy about this, and she raised a complaint.

Mrs S was unhappy with the valuation Covea placed on her ring. She felt the valuation was excessively high and intended to allow Covea to pay out a lesser settlement amount. Mrs S felt she had estimated the value of her ring to the best of her ability and so, she wanted Covea to pay her a settlement that allowed her to replace the ring.

Covea responded to the complaint and upheld it in part. They accepted their initial settlement offer of £1,174.50 had been calculated incorrectly. And they paid Mrs S £100 compensation to recognise the upset this may have caused. But they thought their final settlement offer of £2,324.70 was a fair one and they were satisfied with the valuation provided by L, and that Mrs S was underinsured. So, they didn't think they needed to do anything more. Mrs S remained unhappy with this response, so she referred her complaint to us.

During our service's involvement, Mrs S provided us with an independent report she obtained which valued her ring at £5,995. Our investigator provided this report to Covea for their consideration. Following this report, and conversations with our investigator, Covea agreed to obtain three further independent valuations, considering the large difference in valuation between L's and the report Mrs S obtained. But to this date, Covea hasn't provided these further valuations, despite our service's additional requests. So, our investigator continued with their investigation based on all of the evidence they had available.

And having done so, our investigator upheld the complaint. Our investigator accepted that, based on both reports, Mrs S was likely to have been underinsured. So, they thought Covea

were fair to pay Mrs S a proportionate settlement, and that the way they had calculated the £2,324.70 offer was a fair one.

But crucially, our investigator wasn't persuaded that the ring was worth the higher valuation provided by L. Instead, our investigator felt the valuation in the report provided by Mrs S was likely to be a more accurate one. So, our investigator thought Covea should re-calculate the settlement offer provided to Mrs S, using the £5,995 valuation rather than the valuation of £17,220. And, if this resulted in Mrs S being owed an additional amount, they recommended that Covea pay 8% simple interest on this amount, from the date of the original settlement until the date of payment.

Mrs S accepted this recommendation. But Covea didn't reply. As Covea didn't reply, our service has to assume the recommendation has been rejected and so, the complaint has been passed to me for a 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'm upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

First, I want to express my recognition that when Mrs S took out the policy with Covea and specified her engagement ring as an item of high value, she provided a valuation that she thought was correct. I've seen evidence that shows Mrs S ring was valued at £4,000 in 2004. And so, I think Mrs S has increased the value slightly in an attempt to acknowledge the likely increase in value brought about by the lapse in time, while using this original valuation as some form of starting point.

But considering both the valuation by L, and the report provided by Mrs S, I think it's clear the £4,500 valuation Mrs S provided was too low as it fell significantly below both valuations our service has to consider. So, I'm satisfied that Mrs S was underinsured, although I don't think Mrs S intentionally sought this to be the case. And because of this, I think Covea are able to provide Mrs S with a proportionate settlement, in line with standard industry practice and regulations.

But I'm also aware that the valuation Mrs S obtained, of £5,995, is significantly lower than the valuation placed on the ring by L, who valued it at £17,220. So, based on the evidence available to me, I've thought about which valuation I think is most likely to be accurate based on the balance of probabilities.

I note Covea have been given the chance to provide additional valuations to support the valuation reached by L, after agreeing to obtain these. But, Covea have failed to do so. So, I'm left with two conflicting valuations, and I've thought about which report I'm more persuaded by.

In this situation, I have evidence to show that in 2004, Mrs S ring was valued at £4,000. As this was valued some time ago, I would expect the ring to have increased in value. But I note L's valuation is more than four times the valuation placed in 2004. And, even with inflation and increased value over time, I think this is a substantial increase and one I feel Covea needs to substantiate. And I don't think Covea have done so. I think Covea have been given ample time and opportunity to do so and without additional valuations valuing the ring at a

similar level, I don't think I can say this valuation is a fair one.

So, considering this, I'm more persuaded by the valuation Mrs S obtained, valuing the ring at £5,995. And because of this, I don't think I can say Covea have acted fairly when calculating the settlement Mrs S has received based on a value of £17,220. As I don't think Covea have acted fairly, I've then thought about what I think Covea should do to put things right.

### **Putting things right**

Any award or direction I make is intended to place Mrs S back in the position she would've been in, had Covea acted fairly in the first place. In this situation, I think it's accepted that Mrs S was underinsured and so, her policy premium would likely have been less than she would've paid had she valued her ring correctly. So, I do think Covea are able to offer Mrs S a proportionate settlement to settle the claim.

But, had Covea acted fairly, I think they would've used a reasonable valuation to calculate this settlement. And from the evidence I have available to me, I think this valuation is £5,995. So, I think Covea should calculate Mrs S' settlement in the same way they have already but replace the valuation of £17,220 with the valuation of £5,995.

If this calculation results in Mrs S being owed an additional amount, I think Covea should add 8% simple interest to this amount from the date the original settlement was made, until the date of payment, to address the length of time Mrs S was without access to these funds.

### **My final decision**

For the reasons outlined above, I uphold Mrs S' complaint about Covea Insurance plc and I direct them to take the following action:

- Re-calculate Mrs S' settlement, using a valuation of £5,995.
- If this re-calculation results in Mrs S being owed an additional amount, this should be paid to Mrs S including an additional 8% simple interest on this amount from the date of the original settlement to the date of payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 19 June 2023.

Josh Haskey  
**Ombudsman**