

The complaint

Mr L complains about how Helvetia Schweizerische Versicherungsgesellschaft in Liechtenstein AG (“Helvetia”) has settled his claim about his faulty sofa.

Any references to Helvetia include its agents.

What happened

Mr L bought a new sofa, chair, and footstool for his home. At the same time he purchased insurance for the sofa.

Mr L says he contacted Helvetia because the chair was faulty. So on 3 February a technician visited to examine the chair and concluded there was a manufacturing fault.

A week later Mr L says he received confirmation the armchair had been discontinued and so Helvetia offered reselection credit for the chair of approximately £500.

Mr L wasn't happy so complained. He wanted a replacement armchair that matched the other pieces of furniture. Mr L says there is nothing in the contract of insurance that says when buying three items together that they're insured separately. And now through no fault of their own they are unable to have matching items. Mr L also says reselection credit doesn't help since they're unable to find a matching chair.

Helvetia said its technician found the armchair did have a manufacturing fault and so was covered under the policy. But since the sofa and footstool are in full working order they can't be replaced under the terms of the policy.

Mr L remained dissatisfied and so he referred the complaint to this service. Our investigator looked into things for him and upheld the complaint. She said she agreed with Helvetia that only the chair was faulty but because the chair was part of a matching set the insurer should pay 50% of the cost of replacing the footstool and sofa. This is compensation for the loss of the matching set. Our investigator said it wasn't fair that since the chair had been discontinued Mr L would end up with a three-piece suite that didn't match, or no chair at all. So a fair way to settle the claim would be for the insurer to contribute 50% of the cost of the remaining pieces of the set.

Mr L accepted the investigator's outcome. He said he was disappointed the insurer wasn't paying for the whole suite but felt the outcome was a fair compromise. Helvetia didn't agree with the outcome and asked that an ombudsman review the complaint. And so it has come to me to decide.

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.

In the policy it confirms it provides cover for accidental stains, accidental damage, and structural damage. In order for a claim to be successful a policy holder would have to show the damage they're claiming for is covered by the policy. The claim for Mr L's armchair was accepted by Helvetia as faulty and it agreed that it should be paid.

Only the armchair was faulty. There's no cover for matching sets or consequential loss of any kind in the policy. So I can see why Helvetia only settled the claim for the armchair as that's what the policy provides cover for. And I can't say Helvetia did anything wrong in resolving the claim in this way.

Mr L believes Helvetia should meet the cost of replacing the whole suite since the armchair can't be replaced on a like for like basis. But the policy says Mr is silent on the issue of matching sets. But I don't think Helvetia has considered this part of the claim fairly.

Mr L is unable to replace the armchair as it's been discontinued, and he is unable to replace the whole suite since the settlement doesn't cover the whole set. So I think Helvetia should treat the whole suite as matching. Without replacing all the parts there will be a loss of this match. So I think it would be reasonable for Helvetia to pay fair compensation for the loss of match.

However I don't think it would be fair for me to direct Helvetia to pay the full cost of replacing the sofa and footstool given they haven't been damaged. It isn't strictly covered by the policy terms. So I've thought about what would be a fair and reasonable compromise for both parties. I think the fair outcome for this complaint would be for Helvetia to pay 50% of the cost of replacing the sofa and footstool.

Putting things right

For the reasons explained above Helvetia need to do the following;

- Contribute 50% of the cost towards the replacement of the undamaged footstool and sofa

To be clear in settling Mr L's claim Helvetia will need to settle the claim in respect of the armchair as per the terms of the policy. And Helvetia will carry 100% of the cost of that.

Helvetia will also need to pay 50% of the cost of replacing the undamaged parts of the suite; the sofa and the footstool. That's in line with our usual approach where repairs or replacements can't be made to match the undamaged parts.

My final decision

For the reasons I've explained above I'm upholding this complaint and direct Helvetia Schweizerische Versicherungsgesellschaft in Liechtenstein AG to do what I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 6 July 2023.

Kiran Clair
Ombudsman