

## The complaint

Miss C has complained that U K Insurance Limited (UKI) disposed of items without her agreement while it was dealing with a claim under her home insurance policy.

References to UKI include contractors and companies acting on its behalf.

## What happened

Miss C had a fire in her home. So, she contacted UKI to make a claim. UKI dealt with the claim, including restoring or disposing of some items and moving others to storage. When items were returned to Miss C she noticed damage to a TV and wedding dress. A jewellery box also hadn't been returned.

UKI said it wasn't responsible for the damage to the TV or the wedding dress. It also said Miss C's partner had told a contractor to dispose of the jewellery box while the property was being cleared. However, it offered £100 compensation for communication issues during the claim.

So, Miss C complained to this service. Our investigator upheld the complaint. He said he thought it was more likely than not that the jewellery box had been disposed of without Miss C's agreement. However, he didn't think UKI was responsible for the damage to the wedding dress or the TV. He said UKI should pay Miss C £12,804 plus interest for the jewellery that was disposed of and £400 compensation.

As UKI didn't agree, the complaint was referred to me.

I issued my provisional decision on 25 April 2023. In my provisional decision, I explained the reasons why I was planning to uphold the complaint. I said:

*Miss C complained that UKI damaged a wedding dress that was cleaned as part of the claim. UKI provided a report that showed photos of the dress before it was cleaned and when it later assessed the dress for the reported damage. This highlighted an issue with the stitching that was visible before the dress was cleaned. The report also described how the dress was cleaned to protect it from further damage. It didn't find evidence that the damage Miss C later found was the result of the cleaning process. So, UKI didn't agree that it was responsible for the damage. In the circumstances, I think that was reasonable.*

*When Miss C's TV was returned, she found a line down one side of the TV screen. UKI assessed the TV and didn't find any physical damage. Although it could see a darker area on the screen, it didn't find evidence of smoke or liquid damage. It concluded that the damage was the result of wear and tear, which it wasn't responsible for. I think it was reasonable for UKI to rely on the assessment and for it not to do anything further in relation to the TV.*

*Miss C also said UKI disposed of a jewellery box without her consent. She said it contained valuable items, some of which also had sentimental value to her. UKI said Miss C's partner had told the contractor the jewellery box could be disposed of as it was only worth about*

£30. Miss C has said her partner didn't say the jewellery box could be disposed of. Miss C said she and her partner weren't asked about the jewellery box and that, despite the contractor saying they were passed the box to check, this wasn't correct.

As I have two very different accounts of what happened, I've looked at what other evidence is available to me in order to make a fair and reasonable decision. I asked UKI for information on its normal procedure for disposing of items. It said items should be listed where practicable, but sometimes items were bulked together as "books, albums, costume jewellery... as it could be too time consuming". It also said items should be photographed or videoed and that, where possible, signatures should be sought. It also explained that no value had been listed for the jewellery box entry in the spreadsheet that listed the items beyond economic repair because the value wasn't known at that point, as this would normally be confirmed through its jewellery specialist.

When UKI investigated the complaint, it looked at what happened, and noted that it thought it was unusual to dispose of jewellery because there was always a chance it held sentimental value. It also identified that the contractor hadn't got it in writing that Miss C or her partner had agreed to the items being disposed of, which was because it wasn't the contractor's usual procedure to do so.

In this instance, the contents of the jewellery box was listed as costume jewellery, with no detail given of any of the individual items, although a photograph was taken of it. Neither Miss C or her partner were asked to sign the list of items to be disposed of because the contractor didn't normally do this. This went against what UKI said it would expect, which was that signatures should be sought where possible. If, as UKI's contractor said, Miss C or her partner were present and said the jewellery box could be disposed of then it would also follow that they could have signed a form to confirm that they agreed to this, in line with the normal procedure.

I'm aware the contractor seemed strongly to state that he had consent to dispose of the items. However, from what I've seen, he didn't follow the normal expected procedure to show this and so can't evidence that he had Miss C or her partner's agreement. I also think UKI not entering a value for the contents of the jewellery box because a specialist would normally assess it, along with its own investigation raising that it seemed unusual to dispose of jewellery, if only because of the potential sentimental value of it, shows the normal process for jewellery hadn't been followed.

So, I currently think UKI needs to provide a settlement for the contents of the jewellery box because the contractor disposed of it without consent. I'm aware UKI has said Miss C should be required to provide proof of ownership of the items. However, I don't agree. Miss C described how she came to own the items, which included inheriting some items when she was a teenager. She also said she didn't normally wear most of the jewellery, some of which she was keeping to pass on to her daughter at some stage. So, I'm persuaded Miss C had genuine reasons why she didn't have proof that she owned the items in the box.

In addition, it was UKI who disposed of the jewellery and it had the opportunity to list it in detail or to take more detailed photos of what was in the box before it did so. Based on the photos, UKI and its jewellery service seemed to decide that at least some of the items appeared to be in the box. But, as there were a lot of items in there on top of each other, it wasn't possible to confirm whether each item Miss C said was in the box was there. But given, the circumstances Miss C described about the items she owned, that UKI seemed to think that at least some of the items could be seen in the box and that UKI didn't seem to follow its normal procedure for dealing with jewellery, I'm more persuaded that the items Miss C said were in the box were there. Miss C provided UKI with a jeweller's valuation for the items based on her description of them. In the circumstances, I think that is the most

*reliable way to value the items. So, I think UKI should pay Miss C that as a settlement amount, which is £12,804.00. It should also pay interest on that amount as Miss C lost use of the money.*

*I'm aware that UKI has also said that if it has to pay a settlement for the jewellery that this would take it over the policy limit for the claim. However, given the settlement is being paid because UKI's contractor disposed of the items and not as a direct consequence of the claim, in my view, this is for UKI to deal with internally and not something that should affect the settlement paid to Miss C.*

*I've also thought about compensation. I'm aware that some of the items were of great sentimental value to Miss C. At one point, Miss C was also told by UKI that it had the jewellery box and it could be returned to her. However, UKI then told Miss C that this was incorrect and it had been disposed of. So, I think Miss C has been caused considerable distress and inconvenience by what happened. As a result, I currently think UKI should pay Miss C £400 compensation because of the impact on her.*

I asked both parties to send me any more information or evidence they wanted me to look at by 23 May 2022. Both parties replied before that date.

Miss C replied to my decision and said UKI had given her the list of items beyond economic repair, which was 284 items. She then needed to go through it and return it to UKI. The jewellery box had no monetary value listed for it and Miss C had marked it with a star to show she wanted it returned as it was of sentimental value.

UKI replied to my decision and said it thought I was taking its "*usual practice around signatures of consent*" a little out of context. On larger jobs, especially with lofts, it was impossible to take the level of detail and capture consent per item. This would be incredibly costly, ultimately impacting premiums, and massively time consuming for the customer.

UKI said Miss C and her partner were aware the attic space was being cleared and yet didn't approach the contractor to flag such precious items. They were in the property but didn't mention it. This seemed more in keeping with the care taken around costume jewellery than valuable items.

UKI also said it thought I was missing its concerns around the sum insured. It wasn't about whether the loss should or shouldn't be part of the claim but whether it was costume jewellery. The original claim exhausted the sum insured and if the jewellery was as claimed for, Miss C was 24% underinsured. So, it was either costume jewellery and the customer was adequately insured or the customer was substantially underinsured by at least 24%.

UKI said Miss C had made other excessive claims for unrelated damage for the wedding dress and TV where it had been proven to my satisfaction these weren't claim related, so it seemed strange that this had impacted the credibility of Miss C to this service, where there was no proof of the value of the items. I should note that by context, I assume UKI had meant to say it was strange this didn't affect the credibility.

UKI said if it was to accept this as an underinsurance issue, this might affect the remainder of the claim. It had settled the contents claim in full in terms of the sum insured on the basis that the cover was broadly sufficient. However, if my decision was stating categorically that there was a further £12,000 of items in the home, it questioned whether this gave it the right to look at the impact of the underinsurance. The underinsurance was at least 24%, or probably higher. If it had been aware of this underinsurance at an earlier stage, this might have affected how it settled the claim.

UKI didn't accept that it had been handled "*out of process*" in terms of what was practical on a large loss claim. It couldn't deal with the loss of the contents of the jewellery box as accidental loss under a separate claim, as Miss C only had basic cover. Miss C hadn't purchased Accidental Damage cover.

UKI said the fact was that Miss C, knowing she had all the sentimental jewellery, was underinsured so it would be unable to indemnify her beyond the policy cover she had selected.

### **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 uphold this complaint and for the reasons given in my provisional decision. As part of that I've considered all the comments provided. I didn't suggest UKI should have captured consent per individual item. I made my provisional decision based on a range of information and evidence and considered it in a wider context, including what UKI considered to be normal practice and that it had also noted that the contractor didn't get it in writing that items could be disposed of. UKI still hasn't provided evidence that persuades me it had consent to dispose of the jewellery box.

I was also aware that I had said UKI's assessment about the wedding dress and TV was reasonable. UKI hasn't previously raised concerns about Miss C reporting damage to those items and I don't think it's fair for it to do so now. I also looked at this complaint in the full context of what happened before I made my decision.

UKI has also raised concerns about underinsurance. I was aware of this when I made my decision and that it would take the claim over the contents sum insured. To be clear, I didn't "*state categorically*" that there was £12,000 of jewellery. I made my decision on the balance of probabilities having weighed up the evidence available to me. I'm also not persuaded that it makes a difference whether Miss C had Accidental Damage cover. The issue with the jewellery is related to the actions of UKI's contractor, rather than because it formed part of the claim. If there is damage or a loss as a result of the insurer's contractor actions, I wouldn't normally expect that to become a new claim under the policyholder's policy. It's something the insurer needs to resolve itself, which is what I've said here. UKI has also said that had it realised about the underinsurance earlier that it might have settled the claim differently. However, it didn't, so I don't think it is fair for it to do so now.

Following my provisional decision, I have again looked at what happened and I remain of the view that UKI needs to provide settlement for the jewellery box and at the amount Miss C gave as the value in order to bring this complaint to a close.

### **Putting things right**

UKI should pay Miss C £12,804 for the jewellery and pay interest on that amount. It should also pay £400 compensation.

### **My final decision**

For the reasons I've given above and in my provisional decision, my final decision is that this complaint is upheld. I require U K Insurance Limited to:

- Pay Miss C £12,804 as payment for the jewellery that it disposed of.

- Pay 8% simple interest on that amount from the date on which Miss C first made the claim to the date on which the payment is made.
- Pay Miss C £400 compensation.

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

Louise O'Sullivan  
**Ombudsman**