

## **The complaint**

Mrs W complains that QIC Europe Ltd (QIC) declined her claim for a lost bracelet under her home contents insurance policy.

All references to QIC include its agents and intermediaries.

## **What happened**

Mrs W lost her bracelet and contacted QIC to make a claim under her policy. She says it declined her claim as her policy has a single article limit of £2,000 and QIC valued the bracelet at £3,150. Mrs W says the bracelet cost £300. Although it was bought twenty years ago, she didn't think it had appreciated in value this much.

Mrs W complained to QIC. In its final response it says unspecified items are covered up to £2,000. As the bracelet is valued above this it must be listed on Mrs W's policy. QIC says there are no items listed on the policy and so there is no cover for the lost bracelet.

QIC says it reviewed its valuation based on Mrs W's testimony that the bracelet was hollow, and contained diamond chips, not full stones. Its specialist advised the value was still in excess of the £2,000 single article limit that must be specified on the policy.

Mrs W disagreed with QIC's findings and referred the matter to our service. She also supplied a valuation from a jeweller she approached who valued the bracelet at £1,200. Our investigator upheld the complaint. She didn't think it was unreasonable for Mrs W to think her bracelet was worth less than £2,000. This was based on the purchase price and the valuation she obtained.

Our investigator says QIC should pay the claim up to the policy limit for non-specified items, which is £2,000.

QIC disagreed with this outcome. It says it's Mrs W's responsibility to know the value of her items being insured. Because it disagreed it asked for an ombudsman to consider the complaint.

It has been passed 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.

Having done so I've decided to uphold this complaint. Let me explain.

Mr W's policy covers her for the cost of replacing items that are lost, away from home. I think it's understandable that she expected to be covered for the loss her bracelet. However, payment of a claim is determined by the terms of the policy which generally include limits. Mrs W's policy includes a limit for unspecified items that are valued in excess of £2,000.

Mrs W's policy schedule says:

*"Cover limits - £2,000 - Total unspecified personal possessions away from the property - each worth £2,000 or less (not including bikes)."*

And her policy terms under the contents section says:

*"Unspecified valuables - £10,000 or the amount shown in your schedule, which is higher. The most we will pay for any single unspecified valuable is £2,000."*

QIC valued Mrs W's bracelet at £3,150. Although it revised this down once it was aware the bracelet contained less gold than initially thought. However, it still valued it in excess of £2,000. Because of this it says the bracelet should have been specified in the policy. QIC says it acted in line with the terms of the policy by declining the claim.

Mrs W said the valuation she obtained shows the bracelet is worth under the cover limit specified in her policy. She has provided examples of similar bracelets for sale at prices under £2,000. Mrs W believes she's shown the value of her bracelet is much lower than QIC indicates and falls under the policy limit for non-specified items.

Mrs W says the original cost of the bracelet was £300. But this was 20 years before its loss. It's reasonable to expect the value of precious stones and metal to increase in value over time and that Mrs W would be aware of this. However, she wasn't aware quite how much her bracelet had increased in value, in the absence of a current valuation.

The cover to protect higher value items is optional under Mrs W's policy and requires insured items to be specified. In these circumstances we look at how clear the insurer explained what was necessary in terms of valuation - and also if the consequences of not providing accurate information was made clear.

I've looked at the policy documentation Mrs W received. It asks that she checks the information she provided in her insurance application is correct and to let it know immediately if not. The *"Questions and answers"* document says:

*"You have a duty to make a fair presentation of the risk to us. We assume you have conducted reasonable searches to obtain all the relevant information held by you and any other person".*

And:

*"We only offer you home insurance products that meet your demands and needs for the amounts you have selected, and the specific covers you have requested".*

Under the section on *"Settling claims under content covers"* the policy terms say:

*"It is your responsibility to make sure that, at all times, the contents sum assured reflects the full value of the property insured. This is how much it would currently cost to replace each item as new (except for works of art when the full value is the current market value). You must keep the sum insured up to date when you buy new items*

*If you fail to keep the amount insured at the full value (or current market value for works of art), we may reduce the amount we pay for each claim in proportion to the assessed shortfall in insurance. For example, if the limit of your contents cover is equal to 75% of the amount needed to replace all the contents, we will only pay 75% of your claim."*

The policy explains that if the sum insured isn't enough the policyholder is underinsured and a claim may be settled proportionately. I can't see that it gives advice on obtaining valuations prior to taking insurance. But the terms do say Mrs W should make a fair presentation of the risk by conducting reasonable searches.

I don't think policyholders are generally experienced in calculating the values of their items - so it can be difficult for them to estimate whether they should be specified. In Mrs W's case I'm not persuaded she should've expected the bracelet had increased more than ten times in value since it was bought. The jeweller Mrs W contacted put its value at £1,200 and the comparable items she's shown advertised for sale are all under £2,000. I think this shows that it wasn't unreasonable for Mrs W to consider her bracelet was worth less than £2,000.

Having considered the policy and circumstances of the claim, I don't think it's fair for QIC to refuse any payment for Mrs W's bracelet. I think a fair outcome is for it to pay her claim to up to the cover limit for unspecified items. I don't think it would be fair to require QIC to pay the full value its specialist advised. Had this been specified on the policy the premium for Mrs W may well have been greater. Payment of the claim to the limit for unspecified items is consistent with the approach our service has taken in other similar cases. I think it's the fair approach in this case.

### **My final decision**

My final decision is that I uphold Mrs W's complaint. QIC Europe Ltd should:

- pay the claim up to the policy limit of £2,000.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 20 August 2023.

Mike Waldron  
**Ombudsman**