

## **The complaint**

Mr D has complained about QIC Europe Ltd. He isn't happy that it turned down a claim under his home insurance policy.

## **What happened**

I looked at this case and provided my initial thoughts in my provisional decision as follows -

*Mr D made a claim under his home insurance policy after he lost his wedding ring. QIC initially declined the claim saying that it wasn't a specified item under the policy. When Mr D pointed out that the ring was actually specified under the policy it reconsidered the claim but said it hadn't been valued within the last three years which was a requirement of the policy. QIC declined the claim and as Mr D wasn't happy about this he complained to QIC and then this Service.*

*Our investigator looked into things for Mr D but didn't uphold his complaint. He thought that the policy endorsement requiring a recent valuation of the ring was clear. And so, he didn't think QIC had done anything wrong in declining the claim.*

*As Mr D didn't agree the matter has been passed to me for review.*

## **What I've provisionally 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 think the complaint should be partly upheld but I want to give both sides the opportunity to comment before finalising my decision.*

*Although I can understand QIC's position I think it has produced a harsh outcome in the particular circumstances of this case. I say this as it is clear that Mr D had possession of the ring before the claim – he had insured it with other insurers from the time he purchased the ring and has provided a picture of him wearing the ring recently. And it appears to only be worth slightly above the limit QIC has imposed (£2,000) for items of jewellery to be specified under the policy and so requiring a valuation.*

*As Mr D has highlighted it is possible to go on the jeweller's website and gauge a value of what the ring is worth brand new if that is what is required so the actual valuation isn't too difficult to establish. And as I've already outlined there doesn't seem to be any question that the ring was in Mr D's possession and insured over a number of years, so I'm satisfied the claim was genuine.*

*So, although I understand why QIC has turned down the claim and generally wants items like this valued and checked as per its endorsement. However, I'd expect this to be made abundantly clear to the consumer when they took out the policy and I haven't been provided with anything to show that this was made clear to Mr D. But either way I think the outcome in*

*this particular case is unfair. As the endorsement outlines there is a little flexibility in whether a claim would be met or not.*

*The policy says 'If you make a claim for any watch or item of jewellery shown on the schedule with a replacement value of £2,000 or more you must provide a professional UK valuation from within the last three years.' And goes on to say, 'We will not pay your claim, or the amount of the claim may be reduced, if you do not provide the proof we ask for.'*

*I know QIC has given an example of when such a claim would be met (if it was valued just outside the three year deadline for example) but I don't think it would be fair to say this would be the only time a claim would be met. I agree with Mr D that the endorsement clearly says the 'amount of the claim may be reduced' if he isn't able to provide the proof it has asked for. And as the value of the ring is around QIC's proposed limit for this I think it would be fairer to pay the claim.*

*Given all of this, I think the fair and reasonable thing to do, in the particular circumstances of this case is for QIC to pay the claim up to the £2,000 limit it would pay out for without being specified under the policy. So, if the valuation of Mr D's ring is more than £2,000 then QIC can limit its payment. And pay 8% simple interest for the time Mr D has been without the money.*

## **Replies**

Both sides responded to my provisional decision. Mr D accepted the position outlined while QIC didn't agree.

QIC said ownership of the ring isn't in dispute in relation to Mr D's claim which it accepted was genuine. And reiterated that the policy holder needs to know the value of the ring insured under the policy. Highlighting that high value items heightens the risk to the insurer which is why the endorsement is added and why the true value of the ring should be kept updated.

It went on to say that another reason for a valuation to be gained every three years is to prevent situations like this. QIC says '*Subsequently, when a claim such as this one is declined, this approach then swings to focus on the lower value, in order to ensure cover. Therefore, a regular valuation would clear up any uncertainty regarding the value of the item.*' It said again that Mr D was asked a question about this and said the ring was worth £2,500 and said it was clear on the policy schedule that this was a requirement of the policy. And said it would welcome an approach that ensured consistency although it acknowledged it has some discretion in its decision making around cases like this as outlined above.

## **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 remain of the view that the complaint should be upheld. I know this will be a disappointment to QIC, but to do otherwise would produce an unduly harsh outcome in the particular circumstances of this case.

As QIC is aware this Service judges every case on its merits and as QIC has highlighted there can be times when it doesn't follow a set approach in cases like this which seems reasonable. In this case it is accepted that Mr D's claim is genuine and there isn't any doubt that he had the item before he made the claim. So the only aspect of this case up for

consideration is the value of the ring and whether QIC has acted fairly in declining the claim as the value of it wasn't fully established within the last three years.

However, the ring seems to be only worth around the limit that QIC would expect a customer to flag under the policy. And there isn't any real issue in gaining a valuation for Mr D's ring as it was brought from a well-known store and I understand it is still available now and I have looked at the website myself in looking to form a fair and reasonable conclusion to Mr D's case. So, given this is QIC's main sticking point and it has acknowledged that sometimes it steps outside of its own endorsement in order to act in a fair way I think it should pay the claim. I must highlight, as I did in my provisional decision, that I can understand QIC's position (which is why I didn't deem it necessary to award any compensation in this case) but it has produced an unduly harsh outcome.

I know QIC has highlighted that high value items heightens the risk to the insurer which is why the endorsement is added. But I've looked at the valuations online and it is clear that the value of Mr D's ring is roughly in line with the valuation placed so I'm satisfied he has paid a premium in line with the heightened risk.

Given all of this, I still think the fair and reasonable thing to do, in the particular circumstances of this case is for QIC to pay the claim up to the £2,000 limit specified under the policy. I say this as the policy does say the '*amount of the claim may be reduced*' if Mr D isn't able to provide the proof QIC has asked for. So, if the valuation of Mr D's ring is more than £2,000 then QIC can limit its payment. And it should pay 8% simple interest for the time Mr D has been without the money owed.

### **My final decision**

It follows, for the reasons given above, that I uphold this complaint. I require QIC Europe Ltd to pay Mr D's claim up to the £2,000 limit as outlined above. And pay 8% simple interest from the date of claim until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 12 July 2023.

Colin Keegan  
**Ombudsman**