

The complaint

Mr R is unhappy that Admiral Insurance (Gibraltar) Limited declined his claim for bike theft.

What happened

Mr R had buildings and contents insurance underwritten by Admiral. His policy included cover for three bikes, all of which were specified items on the policy schedule.

On a day out, Mr R and his family locked the bikes to a secure bike stand outside a public venue while they used the facilities and got refreshments. When they came out approximately 25 minutes later, the bikes had gone. Mr R asked the venue to check the CCTV footage of the bike stand area. Then, as Mr R and his family travelled home by taxi, he reported the theft to the police and obtained a crime reference number (CRN).

The venue management called him later to say the CCTV didn't cover the bike stand, and there was nothing of note in other areas covered by the CCTV.

Mr R claimed under his policy. Admiral asked for various pieces of information to support the claim, which he provided.

Initially, Admiral declined the claim because the locks Mr R said he'd used weren't of the gold standard specified in the policy. After he provided evidence that the locks were of the appropriate standard, Admiral asked for proof of purchase. Mr R said a member of his family had bought the locks more than two years earlier, and couldn't find a receipt or identify the specific purchase on bank statements. The shop which supplied them had stopped trading.

Admiral declined the claim because Mr R was unable to provide proof of ownership of the locks or evidence of the exact type of locks used. Its investigation report stated that the locks were not of the gold standard specified in the policy.

Mr R complained. He said the locks were the gold standard rating and he thought it was unfair to expect him to have proof of purchase. Admiral issued its final response giving the same reasons for declining the claim, so Mr R brought his complaint to us.

Our investigator didn't uphold Mr R's complaint. She said Admiral had declined the claim fairly because Mr R hadn't demonstrated that he'd met the policy conditions.

Mr R didn't agree. He provided a slightly blurred photo of one lock to show he'd owned it, and he repeated his position that it was unfair to expect him to have proof of purchase.

I issued a provisional decision in July 2023 explaining that I was intending to uphold Mr R's complaint. Here's what I said:

provisional findings

The three bikes are specified in the policy, and the schedule includes the following endorsement:

Under Section 4 (Pedal Cycles) there is no cover for theft unless your pedal cycle is a) in a locked building with no public access, or b) securely locked to an immovable object using a Sold Secure Gold rated bicycle or motorcycle lock when left outside or kept in a communal area.

Mr R used a branded, chain and combination lock. Admiral said the brand's combination lock didn't meet the gold standard, therefore the policy conditions hadn't been met. Mr R provided evidence that the lock did meet the standard required. Having considered the evidence, alongside review of the manufacturer's information, I'm satisfied that the locks Mr R said he'd used met the policy condition.

Admiral said the locks weren't the same as those which Mr R first reported using. However, on looking carefully at the information, I haven't seen any evidence that Mr R reported using any other type of lock.

Admiral asked Mr R for proof of purchase of the locks. It quoted the policy as follows:

We may ask you for more information to support your claim, such as: original receipts, invoices or valuations dated before the item was insured, and instruction booklets, photographs or details of where and when an item was purchased.

Mr R's reasons for not providing proof of purchase are:

- His family bought the locks more than two years before the theft.*
- They can't find the receipt or evidence of the transaction.*
- It's unreasonable, anyway, to expect someone to keep a receipt for so long when it's a small item.*

With that said, Mr R did provide a photo of one lock. Although slightly blurred because it isn't the focus of the photo, it does seem to be the brand and type of lock Mr R said he used. It's shown on the floor next to a rucksack while someone is sitting on a bike which seems to be the same as one of those reported stolen. The image is dated and matches Mr R's claim that he had the locks for more than two years.

I'm minded to accept this is reasonable evidence that Mr R owned at least one lock of the type he said he used.

I've thought about what Admiral might've done if Mr R had provided it with proof of purchase. The policy doesn't say how, or if, Mr R was supposed to demonstrate he'd met the policy conditions. So, if Mr R had provided the receipts, I don't think it would really make a difference. That's because owning the locks wouldn't prove that he used them on the day of the theft. So, I don't think it was fair that Admiral declined the claim because Mr R couldn't provide proof of purchase.

Finally, I've considered Admiral's reliance on the policy which entitles it to ask for, "original receipts, invoices or valuations dated before the item was insured". Mr R provided Admiral with all the evidence it asked for in respect of the actual bikes, which were the insured items. The locks were not insured items under the policy, so if Admiral expected Mr R to be able to prove purchase, it should've made that clear to him when he bought the policy.

Overall, I don't think Admiral has handled Mr R's claim fairly. To put matters right, I'm minded to require Admiral to reconsider the claim in line with the remaining terms of the policy.

Admiral offered Mr R £25 compensation because he had to wait for its response to his claim. I don't think there's been a significant delay in handling the claim, but I can see that Mr R felt it necessary to chase updates. I do think Admiral caused some avoidable delay, though, in light of its requests for what I've mentioned here – the receipts for the locks. As it would be unlikely to make a significant difference to Admiral's assessment of the claim, I accept Mr R's comments that the loss of the bikes caused him and his family some upset. For these reasons, I think it's reasonable for Admiral to increase its compensation payment from £25 to £100.

I said I was minded to require Admiral Insurance (Gibraltar) Limited to reconsider Mr R's claim and pay £100 compensation.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Admiral accepted my provisional decision.

After seeking clarification, Mr R also accepted my provisional decision, but I'll address his concerns below.

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 Mr R's complaint.

In response to Mr R's questions about what my provisional decision would mean to him, I looked again at the evidence.

Admiral declined Mr R's claim because he couldn't provide evidence that he owned the locks he said he used to secure his bikes. The action I recommended would mean that Admiral should go back and consider his claim again, without expecting to receive any further evidence about the locks. That's because even if Mr R proved he owned the locks, it wouldn't prove he used them. So, the evidence Admiral was seeking would be of little to no use in its assessment of the claim.

If, on reconsideration, Admiral declines the claim for a different reason, and Mr R disagrees, he would need to raise his concerns with Admiral in the first place. However, Admiral may decide to accept the claim and offer Mr R a settlement.

As both Mr R and Admiral accepted my provisional decision, it becomes my final decision and for the same reasons.

My final decision

For the reasons I've explained above, and in my provisional decision, I uphold Mr R's complaint and Admiral Insurance (Gibraltar) Ltd must:

- reconsider Mr R's claim against the remaining terms of the policy, without seeking further evidence of the locks used to secure the bikes, and
- pay £100 compensation for the distress and inconvenience it caused by seeking unrealistic information.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 1 September 2023.

Debra Vaughan
Ombudsman