

The complaint

Mr and Mrs O have complained that AXA Insurance UK Plc ('AXA') declined part of their claim under their home insurance policy following a burglary.

For the avoidance of doubt, the term 'AXA' includes its agents and representatives for the purposes of this decision letter.

What happened

In October 2022, Mr and Mrs O's home was unfortunately burgled and many items were stolen. They reported the matter to AXA as their insurer at the relevant time. AXA accepted the claim however it excluded some items of jewellery from the claims' settlement. Mr and Mrs O were unhappy about this and complained to AXA. However, AXA didn't uphold the complaint, so Mr and Mrs O referred their complaint to this service.

The relevant investigator upheld Mr and Mrs O's complaint. She noted that AXA had failed to send a file submission, and so her assessment was based on evidence supplied by Mr and Mrs O to support their case. The investigator noted that AXA hadn't disputed that there was a genuine claim. She noted that one of the items had been listed within the high-risk section of the policy. Handwritten receipts of the items had also been produced on the relevant jewellers' headed paper with the date of purchase, item descriptions and the purchase prices. She'd also provided a jewellers' valuation following the claim for all stolen items.

In conclusion, the investigator considered that Mr and Mrs O had provided sufficient evidence to prove the purchase. She therefore considered that AXA hadn't acted fairly and considered that AXA should proceed to settle these items in accordance with the policy.

AXA disagreed with this outcome. The matter has therefore been referred to me to make a final decision in my role as Ombudsman.

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.

The key issue for me to determine is whether AXA fairly and reasonably applied the terms and conditions of the policy in excluding certain items from the settlement. In determining this issue, I've also considered the submissions of the parties as summarised below.

Mr and Mrs O felt that they hadn't been treated fairly by AXA as it had decided not to settle the most expensive items of the claim, including an item which was specifically mentioned in the policy schedule. Mr and Mrs O had also contacted the relevant jewellers and they felt they'd provided everything that AXA had requested. They'd obtained receipts from the jewellers and a document commenting on the authenticity of an item. Mrs O said that it had been bought ten years' ago and all jewellery had been purchased from the same jewellers.

Mr and Mrs O subsequently clarified that the receipts they'd produced had been hand-written by the relevant jeweller two weeks after the valuation information had been produced by the same jeweller. They said that AXA's agents had acknowledged that after the length of time from purchase, most people wouldn't have receipts. Mr and Mrs O also said that AXA had encouraged them to get further clarification from the jewellers, and they did so.

AXA said that it had omitted certain jewellery items from the final settlement. It noted that one of the items was specified on the policy. For high value items, it would expect to see some form of substantiation by means of a receipt or valuation, and that a photograph alone didn't prove ownership. It said that this would also have assisted in providing a fair and accurate settlement. AXA referred to the relevant policy wording as follows: *'To help prove your claim we may require you to provide original purchase receipts, invoices, bank or credit card statements, instruction booklets, photographs....'* AXA left it open to Mr and Mrs O to provide further evidence in support of the claim and said it would be happy to review this.

AXA said that its position was based upon the opinion of its expert agents. It considered that documents produced by Mr and Mrs O on headed paper from the jeweller weren't receipts or valuations and weren't based on any records held. It was concerned that prices referenced in the documents were the same prices as the estimates previously provided, based on what was paid at the time. It noted that the jewellers couldn't quote for replacements without inspection *'which obviously isn't possible as the items were stolen.'* It therefore concluded that the documents produced weren't based on any records held and were insufficient.

The starting point for cases of this nature will be the policy terms and conditions. I note the provision upon which AXA relies. I also note that AXA doesn't dispute that a burglary happened in this case and that certain items existed, however it didn't consider that Mr and Mrs O had shown that they purchased and owned specific items of a particular value in order to validate the costs of the claim

I've concluded that on the balance of probabilities, Mr and Mrs O did purchase and own the items in question. AXA also doesn't dispute that, unfortunately, many of Mr and Mrs O's items were stolen in a burglary (and presumably the matter had been reported to and investigated by the police). I consider that AXA had reasonably asked for further evidence of purchase and acted fairly and reasonably in stating that it would be happy to consider such further evidence. The wording of the policy makes it clear that AXA may require production of original purchase receipts, invoices and photographs to help prove the claim. However, I note that it doesn't exclude production of other alternative evidence to substantiate a claim.

I'm satisfied that Mr and Mrs O reverted to their jeweller, who provided details of stolen items and the amounts which had been paid on the date of purchase. These were in the form of re-constructed receipts. It's unfortunate that Mr and Mrs O didn't retain receipts for such high value items in order to evidence their value. I also consider that it's most unfortunate that the jewellers produced documents which appeared to be receipts produced on the date of purchase of items. It's since been confirmed that these weren't original receipts based on clear records held by the jeweller. They appear to be documents produced following a discussion between Mr and Mrs O and the jewellers as to what they'd paid at the time. I note that there is also a discrepancy as Mr and Mrs O considered they'd purchased the high value item 10 years ago, whereas the jewellers' document indicated that it was 6 years ago.

On the remaining question of the value of the items, I consider this to be a finely balanced issue. The evidence from the jeweller is not particularly strong, as it doesn't clarify whether the prices were recorded from the jeweller's memory, as they sold all relevant items over a period of years, or whether this was based on a discussion with Mr and Mrs O. In relation to the high value item, I consider it likely that the figure recorded by the jeweller was accurate as the insurance schedule records this specific item as having a value in excess of this

figure. In relation to the remaining items, and in the absence of AXA's case-notes in this matter, I'm also satisfied on the balance of probabilities that the jeweller had provided a fair valuation based on their recollection of the purchase prices at the relevant time.

In conclusion, whilst a finely balanced judgment, I'm satisfied that Mr and Mrs O have on the balance of probabilities provided sufficient evidence to prove the purchase, ownership and valuation of the relevant items. I've therefore concluded that AXA didn't act in a fair and reasonable manner in declining to provide a cash settlement for these. I therefore agree that AXA must now settle the items in accordance with the remaining terms and conditions of the policy, together with interest from the date Mr and Mrs O produced additional evidence in the form of re-constructed receipts from the jewellers' to the date of payment.

My final decision

For the reasons given above, I uphold Mr and Mrs O's complaint and require AXA Insurance UK Plc to do the following in response to their complaint:

- To settle Mr and Mrs O's claim in relation to the remaining items in accordance with the remaining terms and conditions of the policy.
- To pay interest at the annual rate of 8% simple interest* from the date of production of the additional evidence from the jewellers to the date of payment

*If AXA considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr and Mrs O how much it's taken off. It should also give Mr and Mrs O a certificate showing this if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O and Mrs O to accept or reject my decision before 3 November 2023.

Claire Jones
Ombudsman