

The complaint

Mrs W and Mr W complain about Admiral Insurance (Gibraltar) Limited (“Admiral”) for seeking to change the basis and sum of settlement after a cash settlement had been agreed. They want Admiral to honour the settlement they accepted and to pay compensation for their distress and inconvenience.

What happened

Mrs W and Mr W insured their home and contents with Admiral. In May 2022, they suffered a burglary. Cash and jewellery were stolen, along with commemorative pins for service.

They submitted a claim to Admiral. Admiral appointed its agent, S, to validate and agree the claim.

Mr W and Mrs W liaised with S and provided evidence of the items lost and the valuations, to the best of their ability. They contacted Admiral when one item was found, and added the commemorative pins to the claim during this process.

In July 2022, S, on behalf of Admiral, contacted Mrs W and Mr W with a validation report and settlement offer. This detailed that S was satisfied that the items had been owned and lost. The attached validation report detailed two values for each item – one was the cost it would be for a personal jewellery service to remake the item (where possible) and there was another rate described as “discounted value”. S made an offer of settlement of around £17,550 in the covering email. Mr W and Mrs W accepted that settlement.

Shortly afterwards, S contacted them again and explained that the sums had been totalled incorrectly, and the actual offer was around £17,230. The basis of settlement was set out and Mr W and Mrs W could see that the actual total was the lower amount. They accepted the offer by email and asked for details on when the settlement would be paid.

Some weeks later, Admiral contacted Mrs W and Mr W by telephone and advised that the settlement had been incorrectly calculated. It said that the correct settlement ought to have been between £12,000 and £13,000. Mrs W and Mr W were not happy as they considered that the matter had been concluded, and they were just awaiting payment of their settlement. Admiral dealt with this as a complaint and sent its final response. It upheld the complaint on the basis that Mr W and Mrs W had been misinformed, but it maintained its settlement offer at the lower amount. Admiral offered £400 compensation for their disappointment. Admiral has paid to Mr W and Mrs W only £540 of the total claim, to reflect the stolen cash and pins, and its £400 compensation offer.

Mr W and Mrs W contacted us. Our investigator considered this matter and did not ask Admiral to do anything further. They considered that Admiral had made a mistake but had acted reasonably in seeking to correct that mistake by amending the settlement to the lower amount. They considered that Admiral’s offer of £400 compensation to reflect the disappointment was reasonable.

Admiral accepted that view. Mr W and Mrs W did not.

I issued a provisional decision in respect of this matter in July 2023.

In that provisional decision I set out that I thought the settlement was calculated incorrectly as Admiral ought to have liaised with Mr and Mrs W to agree which items they wished to be remade, and which they wanted to cash settle. This would have resulted in a settlement figure less than had been offered but higher than Admiral's later offer. I felt that it is now too late to expect Mr W and Mrs W to decide which items they wished to remake and which they wished to cash settle and that they had been without their items or settlement for a long period. I therefore thought that the least unfair outcome was for Admiral to honour its offer of around £17,230.00.

That provisional decision has been shared with the parties and they have been invited to comment.

Admiral has not responded to the provisional decision. Mr and Mrs W have responded accepting the decision and adding some clarifications on the sums outstanding.

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.

Mr and Mrs W have advised that the settlement figure, net of the excess, was £17,332.45. From this £540 has been paid, leaving £16,692.45.

£400 compensation has also been paid, but taking into account the provisional adjustment to the compensation award, there would be £300 deducted from the outstanding settlement figure, making it £16,392.45 still to pay.

I am grateful to Mr and Mrs W for setting out the payments that have been made to date.

Since there have not been any evidence or arguments submitted in response to the provisional decision and reasoning, I remain of the view set out in that decision and I adopt that decision and reasons as my final decision.

My final decision

For the reasons set out above, and in my provisional decision, I uphold Mr W and Mrs W's complaint and direct Admiral Insurance (Gibraltar) Limited to:

- Honour the cash settlement agreement of July 2022 to Mr W and Mrs W; and
- Pay to Mr W and Mrs W a total of £100 compensation for their inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W and Mr W to accept or reject my decision before 19 September 2023.

Laura Garvin-Smith
Ombudsman