

The complaint

Mr and Mrs L are unhappy with the way Lloyds Bank General Insurance Limited (LBG) handled their claim following a burglary, and they complain that the settlement offered for the stolen jewellery was too low.

Mr and Mrs L had buildings and contents insurance underwritten by LBG. The policy was in joint names but, for ease of reading and because he brought the complaint, I'll refer to Mr L throughout. Any reference to LBG also includes actions taken by its agents.

What happened

In summary, a large quantity of jewellery was stolen from Mr L's home. He claimed under his policy for the stolen jewellery and the damage caused during the burglary. LBG accepted his claim and made a settlement offer. But Mr L was unhappy with the offer because he didn't agree it reflected the full value of the jewellery.

Mr L asked LBG to:

- settle his claim at the maximum allowed under his policy
- pay for all the hours Mrs L, his daughter and his cleaner spent cleaning up after the burglary, and
- pay him and Mrs L compensation of £5,000 each for the distress caused.

Our investigator didn't uphold Mr L's complaint. He said LBG had made a reasonable settlement offer based on the expert jeweller's valuation, and Mr L hadn't provided anything to show that a greater settlement was warranted.

Mr L didn't agree, and he repeated his complaint, including issues he didn't think had been considered.

I issued a provisional decision in August 2023 explaining that I was intending to not uphold Mr and Mrs L's complaint. Here's what I said:

provisional findings

Jewellery settlement

The main issue of complaint is that Mr L thinks LBG's settlement offer is too low.

Mr L has given more than one figure for the value of the stolen jewellery, ranging from £20,000 to £57,000. He said he'll compromise at £36,000. LBG offered a little over £11,000 which is the value the appointed jeweller placed on the collection based on some receipts and photographs, less the discount LBG would've received for replacing some of the items.

I've looked at the policy and I see it allows LBG to make an offer based on its own cost to replace where a cash settlement is preferred, and Mr L would need to provide evidence of ownership and of the value of the stolen items. So, for me to uphold Mr L's complaint, I'd need to see that LBG failed to make an offer in line with the policy.

I can see that it would be difficult to provide evidence of ownership and value of a jewellery collection built up over many years. While Mr L has provided some evidence, it's understandable that he hasn't got receipts for every piece of jewellery. But that doesn't mean LBG should simply accept his estimate of the value. In the absence of any clear evidence, LBG sought an expert opinion on the value of the jewellery. I think that's reasonable.

LBG's appointed jeweller estimated the replacement value at just over £11,000. However, after speaking with Mr L, the same jeweller provided him with a significantly higher valuation of £57,000. In the evidence Mr L provided to us, he said the valuation was overstated. More recently he asked for that sum to be considered as the reasoning for him offering to compromise at £36,000.

In consideration of this point, we asked LBG for an explanation of the different figures. The appointed jeweller provided a response to say that the greater sum was based on Mr L's declaration of the value of each piece, rather than its own valuation. The jeweller confirmed that its original valuation of £11,000 was the correct amount.

Looking at the evidence available, I see that Mr L provided a list of items with a value next to them. In his diary, he'd written various amounts, with no single item on his list exceeding £2,500. I note that the policy's upper limit for an unspecified single item is £2,500. In other evidence, he's said that one item alone was worth the equivalent of £5,000. And the list of items, which together amount to £57,000, includes ten pieces of jewellery valued at more than £2,500 each. Therefore, Mr L's evidence indicates that he can't be sure about the replacement value of the jewellery.

So, based on the evidence I've seen, I can't reasonably say that LBG has unfairly offered to settle the claim based on the expert jeweller's confirmed opinion.

Policy cover

This brings me to the issue of the cover available to Mr L under the policy. When he first made his claim, LBG said he had cover up to £10,000. It also said cover was up to £12,000. Mr L wants LBG to explain why it made this mistake.

I've looked at the account notes and I see that when the confusion arose, LBG emailed Mr L's daughter to ask for a copy of the policy schedule so that it could confirm the correct level of cover. That was because its own system and the policy administrator's system differed. As it turns out, Mr L's schedule confirmed cover was up to £20,000 for valuables.

While I appreciate this would've been an inconvenient and upsetting experience, ultimately LBG did assess the claim against the correct level of cover. In its response to Mr L's complaint about this issue, I see LBG offered him £200 by way of apology for the mistake. Mr L rejected the offer. However, I think it's a fair sum in recognition of what appeared to be a genuine mistake, and which didn't affect the outcome of the claim. I don't plan to ask LBG to do any more in respect of this issue.

Upper limit of cover

As I've said, Mr L suggested compromising at a settlement of £36,000. He based this on the policy cover for Valuables at £20,000, plus Personal Belongings at £10,000, plus a 20% uplift (£6,000) in cover for certain special occasions.

I've considered the policy documents carefully to determine what the upper limit for Mr L's claim is. The schedule confirms that Mr L's cover is limited to £20,000 for valuables. The policy definition of valuables is:

Jewellery, watches...articles made of gold, silver and other precious metals, precious stones...which you own or are in your possession.

Cover for personal belongings is limited to £10,000. The definition of personal belongings is:

Clothing...and personal items including sports equipment...designed to be worn or carried and camping equipment...This does not include:

- *valuables or personal money;*
- *bicycles.*

On the face of it, this suggests that Mr L can't expect cover under both limits for the jewellery.

However, under the heading of Personal Belongings Cover, the policy states:

We cover the following

Valuables, personal belongings and bicycles, which belong to you...

This suggests that valuables are included within the overall cover for personal belongings. In the absence of clarity, I think it's fair to interpret the policy in Mr L's favour.

A similar situation arises with the 20% uplift for named occasions. For clarity, Mr L was celebrating one of the named occasions specified in the policy. I've seen in LBG's evidence that the uplift would be on the total contents cover of £75,000 and it wouldn't affect the individual limits set out in the policy schedule. While I think that is likely to be the intention of the policy, it lacks clarity. So, for the same reason as above, I think it's fair to interpret the policy in Mr L's favour.

This means the upper limit of cover available to Mr L for the theft of valuables is £36,000.

However, just because I agree that Mr L would be entitled to make a claim up to that amount, the conditions apply as I've already discussed. He must provide reasonable evidence to demonstrate the value of his loss. As the evidence available doesn't support Mr L's claim for theft of jewellery up to £36,000, I'm minded to agree that LBG has made a fair offer in the circumstances.

Cleaning costs

I understand Mr L wants LBG to pay cleaning costs based on his specified hourly rate. LBG said it would consider costs if he provided an invoice from a cleaning company.

I've noted that LBG paid for some named items to be cleaned, and it offered a sum of around £300-£400 for cleaning non-specific, not evidenced, areas. Mr L initially asked for £900 but now wants £1,700. It would be reasonable to expect LBG to pay for evidenced costs which arose directly from the burglary, but I can't reasonably ask LBG to pay for 90 hours of cleaning for which Mr L is now claiming without any evidence.

I won't be asking LBG to increase its offer in respect of cleaning costs.

Other issues

I'll touch briefly on some other points Mr L complained about or which I've noted during my consideration of the evidence.

Mr L said LBG lost a receipt for one piece of jewellery valued at about £5,000. However, I've noted details of a conversation where Mr L raised the issue with the claims consultant. It seems the consultant photographed the evidence Mr L provided but didn't take it away. While I don't doubt that Mr L no longer has the receipt, I can't see any reason for LBG's agent to take away a single receipt out of a bundle of evidence. In the absence of any evidence, I can't hold LBG responsible for the missing receipt.

Mr L didn't have any individual items specified in his policy schedule. Therefore, the maximum he could expect to receive for any single item was £2,500. As I've already said, in his £57,000 valuation there were ten items which exceeded the single item limit. Those ten items totalled over £42,000, so the policy limit would've capped cover at £25,000. That immediately brings Mr L's claim value down by £17,000. I haven't seen anything to suggest that this single item limit is disputed.

The policy provided Mr L with cover up to £75,000 for his contents. The valuables and personal belongings are included within that overall amount. If Mr L had jewellery valued at £57,000, that would leave him with £18,000 of cover for every other possession in his home. In its email to Mr L's daughter early on in the claim process, I see LBG raised the possibility that Mr L was underinsured. If that were the case, the policy states LBG would be entitled to pay any claim in line with the proportion of cover. That is, if Mr L's contents were valued at £100,000, yet his cover was 75% of that, then LBG could pay just 75% of the claim. I note LBG hasn't reduced the claim proportionately.

Similarly, I note that LBG paid Mr L £1,000 for stolen cash. His policy provides cover up to a limit of £500, so Mr L appears to have benefitted from LBG's mistake.

I understand Mr L is unhappy with how the policy was sold to him because he thinks there were other beneficial terms which aren't, now, apparent. LBG is the underwriter of the policy but confirmed it wasn't involved in the sale. Therefore, if Mr L remains unhappy about this point, he would need to raise it directly with the business from which he bought the policy.

Finally, I've noted Mr L's speculations about why LBG didn't agree to the full claim. I've considered his complaint on an individual basis, and I haven't seen anything in the evidence which causes me concern. It's not within my remit to make comment on the suspicions Mr L has on a broader scale, but if LBG hadn't handled his claim fairly, I would be asking it to put matters right. As it stands, there's nothing in the evidence to suggest there's anything for LBG to put right.

I understand this will come as a disappointment to both Mr and Mrs L, and I'm sorry to hear of the burglary that took place while they were away celebrating a special occasion. But, based on the evidence available, I'm not persuaded that LBG should pay any more than it has already offered.

Overall, I think LBG has made a fair and reasonable settlement offer and I don't plan to ask it to do any more.

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

Both Mr L and LBG accepted my provisional decision. However, Mr L's acceptance seemed reluctant, and he asked me to reconsider my decision about the level of compensation LBG previously offered.

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 there's nothing more for LBG to put right. Therefore, my final decision is that I don't uphold Mr and Mrs L's complaint for the same reasons I set out in my provisional decision.

However, because Mr L appeared dissatisfied with my provisional decision, despite accepting it, I looked again at the evidence. In particular, I considered his comments about the amount of compensation LBG offered in respect of its mistake about the level of cover.

Mr L asked me to reconsider the amount of compensation LBG awarded for what he described as its "*massive Valuations Limit Error*" at the start of the claim. Looking at the evidence, it's clear that LBG made a mistake. But, as I noted in my provisional decision, LBG recognised there was some contradiction across the various systems, and it asked Mr L's daughter for the policy schedule so it could clear up the matter.

I accept that it would've been an additional upset for Mr and Mrs L, but LBG did assess the claim against the correct policy cover. So the mistake didn't continue to cause problems. LBG offered £200 by way of apology for the mistake. Because there wasn't an ongoing inconvenience or financial detriment in respect of this, I see no reason to ask LBG to increase its offer.

My final decision

For the reasons I've explained above, and in my provisional decision, my final decision is that I don't uphold Mr and Mrs L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L and Mrs L to accept or reject my decision before 16 October 2023.

Debra Vaughan
Ombudsman