

The complaint

Mr W complains that when he made a claim on his home contents insurance policy the replacement item provided by Admiral Insurance (Gibraltar) Limited was of poor quality and broke a number of times.

What happened

Mr W made a claim on his policy when he lost a gold chain. Admiral accepted the claim and provided a replacement chain.

Mr W complained that the chain was poor quality. He said it had broken soon after he received it and he had to get it repaired by a jeweller but it then broke again. He said the chain should not have needed repairs so soon.

Admiral said as Mr W had taken the chain to be repaired by a company other than its supplier that meant the warranty was void, so it couldn't repair or replace it.

When Mr W referred the complaint to this service our investigator said:

- Taking the chain for repairs didn't change the fact that Mr W should have received a replacement that was fit for purpose.
- The replacement chain broke twice within a few months of receiving it, which shows it wasn't fit for purpose.
- Admiral should provide another new replacement chain (and facilitate the return of the broken chain).

Admiral didn't agree. It said:

- Mr W hadn't told it about the problem or allowed it the chance to check the chain and see what the problem was.
- It would be happy to send prepaid packaging to Mr W and inspect the chain for manufacturing faults. But if the issue was the previous repair or had been caused by accidental damage it wouldn't be responsible for that.

The investigator didn't change his view. He said he had no reason to doubt what Mr W said about the chain breaking in different places and no reason to think the repair by Mr W's jeweller wasn't done correctly.

Admiral didn't agree and said it should be able to see the chain before agreeing a further replacement. It requested an ombudsman's decision.

I issued a provisional decision saying I intended to uphold the complaint but was minded to recommend a different way of putting things right. I set out my reasons as follows:

Where an item is lost, the policy terms say Admiral may replace the item as new or pay cash up the amount it would cost Admiral to replace the item (up to the maximum limit set out in the policy).

Admiral accepted the claim and provided a replacement to Mr W. So there's no dispute

about whether the claim was covered. The issue is whether the replacement Admiral provided was of poor quality as Mr W says.

Admiral said that because Mr W got the chain repaired himself the warranty provided with the replacement was void. But when an insurer provides a replacement item, I'd expect the replacement to be of good quality. And the policy terms say an item will be replaced "as new". So Admiral should have provided a chain that was the same quality as a new chain. If the replacement chain broke more than once within a few months, that may be because Admiral hasn't provided a suitable replacement.

However, as it stands we only have Mr W's word to go on. There's no further evidence about what the faults were or what caused them, for example photos or a report from the jeweller.

Admiral says the issue could have been caused by the way the repair was carried out or by accidental damage. It's possible the chain did not have any defect or was caused further damage when it was repaired.

It wouldn't be fair to expect Admiral to provide another replacement if there wasn't anything wrong with the one it has provided. I appreciate Mr W says the chain simply broke twice but without further evidence it's difficult to say why this happened.

So I think the correct thing to do is for Admiral to investigate. It can inspect the chain and request other evidence if needed, for example details of the repair that was carried out. If that shows the problems are due to the chain itself being defective, then Admiral may provide a replacement.

I think it's fair to let Admiral do this now. But it could have offered this when Mr W reported the problem, or in response to his complaint. By not offering this until after the complaint had been referred to us, Admiral has caused unnecessary delay. This delay would be upsetting for Mr W and has put him to unnecessary trouble in having to pursue the matter which could have been dealt with much sooner. Admiral should compensate him for this and I think a payment of £100 would be fair.

Replies to the provisional decision

Admiral has replied to say it accepts the provisional decision and is happy to carry out the recommendations.

Mr W has replied to say:

- He's not happy with the timescale in the provisional decision. Admiral has had plenty of time to request the return of the chain.
- He would like someone independent to check the quality of the chain and confirm its value. He paid an excess of £300 for it and doesn't feel the chain matches the valuation.

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.

I have considered Mr W's comments carefully but I'm not persuaded that my provisional decision should change. I appreciate he doesn't think the replacement chain is of good quality or that it matches the valuation given. As I explained in my provisional decision, Admiral should have provided a chain that was the same quality as the original. The issue is whether it was of a satisfactory quality or was defective. And I think it's fair that Admiral has

the chance to check the condition of the chain and assess what caused the problems Mr W complains about.

If that inspection (and any necessary enquiries) shows the chain was defective then I'd expect Admiral to provide a suitable replacement. On the other hand, if it transpires that the problems were due to the way it was repaired or were caused by, for example, accidental damage, Admiral shouldn't be held responsible for that.

I agree Admiral could have carried out this investigation sooner but the fair way to address that is to compensate Mr W for the distress and inconvenience caused to him by the failure to deal with it promptly.

My final decision

I uphold the complaint and direct Admiral Insurance (Gibraltar) Limited to do the following:

- send prepaid packaging to Mr W so he can return the chain;
- subject to Mr W returning it, inspect the chain for manufacturing faults and obtain any further evidence reasonably required in relation to this,
- if the investigation confirms the chain is defective, provide another replacement;
- if the chain does not have any defect, return it to Mr W; and
- pay compensation of £100 for the distress and inconvenience caused to Mr W.

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

Peter Whiteley
Ombudsman