

## **The complaint**

Mr and Mrs N are unhappy with the settlement AXA Insurance UK Plc (AXA) offered for their stolen watch.

Mr and Mrs N had buildings and contents insurance underwritten by AXA. The policy was in joint names but, for ease of reading, I'll refer mainly to Mr N throughout my decision.

## **What happened**

The background to this complaint is well-known to both parties. So I've summarised what I think are the key events.

Mr N's premium brand watch, valued at around £12,000, was stolen from him while on holiday. He claimed under his policy and provided the required documents for AXA to consider. AXA accepted his claim for the full value, less the policy excess.

There was a waiting list for the watch replacement, so AXA left the voucher with the retailer.

After several months, Mr N found out that the waiting list was much longer than expected, so he asked AXA to cash settle. AXA agreed.

Mr N found another watch, but the value had increased. He asked AXA to increase the offer. AXA agreed, but then realised there'd been a mistake in its original offer. AXA said the policy only provided cover up to £2,500 for a single item, not up to £15,000 which it previously thought.

AXA confirmed it would settle the claim at £2,500 less the policy excess, and it offered £500 by way of apology for its mistake.

Mr N was unhappy with the offer because he'd committed to buying the new watch, and had since done so. Therefore, he felt AXA should pay the full amount. AXA refused to pay any more than the policy limit, so Mr N brought his complaint to us.

Our investigator didn't uphold the complaint. He agreed AXA had made a mistake, but as Mr N bought the watch after he knew AXA wouldn't pay the full amount, he thought it had done enough by offering £500 compensation.

Mr N didn't agree, and he asked for an ombudsman to decide.

## **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 not to uphold Mr N's complaint. I realise this will likely be a disappointment to him, but I can't fairly say that AXA should pay more than the policy limit in the circumstances. I'll explain why.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. My role is to look at the evidence to decide whether AXA made a settlement offer in line with the policy and whether it was fair in the circumstances. To be clear, I've received and considered the further comments Mr N made up to 15 January.

There's no dispute that Mr N's watch was stolen or that it was the type of watch described. The complaint, then, is about the way AXA handled the claim and its settlement offer.

AXA made an offer of around £12,000 to replace the watch. It withdrew that offer after realising it had made a mistake. Mr N's watch was stolen while he was away from home, so I've looked at the cover available to him.

Page 33 of the policy booklet confirms that:

*Personal possessions... provides protection to your belongings when away you're your home.*

*We will pay you up to the limit shown in your schedule for any one claim.*

The schedule shows the limit for a single article under the personal possessions cover is £2,500.

Based on the evidence, I'm satisfied that AXA's reduced offer of £2,500, less excess, was in line with the policy cover available to Mr N for a single personal possession.

I've gone on to look at whether AXA treated Mr N fairly when it withdrew its original offer.

There's no dispute that AXA made a mistake. But, for me to say that it treated Mr N unfairly in the circumstances, I'd need to see evidence that he incurred costs as a direct result of AXA's mistake in applying the policy limits.

Mr N confirmed that he was on a waiting list for a new watch. When it became apparent it could take years, he sourced the same type of watch elsewhere. Mr N said the retailer agreed to reserve the watch for him until June 2023.

In May 2023, AXA withdrew its original offer and replaced it with the lower settlement offer. Mr N confirmed that when AXA told him about the change in settlement he'd only reserved the watch.

I've noted that Mr N considered the reservation a verbal agreement to buy, so he felt bound by it. However, he's not provided any evidence that he paid a deposit, that there was an expectation to buy, or any terms and conditions given by the retailer to bind him to the purchase. Mr N said he wouldn't expect to have this evidence because it would be assumed the verbal agreement for a premium purchase would be sufficient. However, AXA received evidence from the retailer which sold the watch to Mr N confirming that there was no order, no paperwork, and no commitment for Mr N to buy the watch it had agreed to reserve for him. Therefore, when Mr N bought the watch two weeks after AXA withdrew the voucher, it was in full knowledge that AXA had said it wouldn't be paying the full amount.

While I don't doubt Mr N felt he ought to buy the watch after it had been reserved, the evidence simply doesn't show that he was obliged to continue with the purchase. Therefore, I can't fairly say that AXA caused him to incur a financial loss, which he committed to only after he was aware of its revised settlement offer.

### ***Further information***

Mr N provided further comment about whether AXA could reasonably take back the money it had paid to him. I've thought carefully about what he said but I can't agree that AXA "stole" his money, or that it should've asked him to return it rather than just take it. Here, AXA had provided a voucher, or a credit with a specific retailer, based on its initial belief that the claim was fully covered. There was never a cash settlement, and AXA would've known if Mr N had already purchased a new watch with the voucher from its preferred supplier.

I don't know, nor do I need to know, what AXA's response would've been if Mr N already had the watch when it realised its mistake. The facts of this complaint are that Mr N asked for a cash settlement to cover the higher cost of the watch, and although AXA initially agreed, in reviewing the claim it realised its mistake. So Mr N never had the cash settlement for AXA to take away. It withdrew its incorrect offer and made the correct offer based on the terms of the policy.

### ***Compensation***

AXA made a mistake when it told Mr N the incorrect claim settlement amount. The policy never provided cover for the full value of the watch, so if AXA hadn't made a mistake, he would've still received the £2,500 settlement. So, when thinking about the compensation AXA offered, it's in recognition of the mistake that it made, not the *value* of the mistake. AXA offered £500, which I think is fair and reasonable. That's because, regardless of whether Mr N felt obliged to carry on with the purchase, AXA told him around two weeks before that he wouldn't receive the claim settlement originally offered.

Mr N said AXA didn't get back to him when he called, wrote or emailed during those two weeks. The evidence shows that Mr N asked for the call recordings of two calls he had with AXA during that time. So, I can't fairly conclude that AXA failed to communicate with him.

I can understand why Mr N is upset and frustrated by this matter. But, although AXA made a mistake which added to this, I must consider that much of the upset stems from the original theft of his watch. AXA has applied the correct terms and conditions of the policy and paid a settlement in line with that. In respect of its mistake, it paid Mr N £500 compensation. For the reasons I've given here, I'm satisfied that's a fair and reasonable offer in the circumstances, and I see no reason to require anything more of AXA.

**My final decision**

For the reasons I've given, my final decision is that I don't uphold Mr and Mrs N's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N and Mr N to accept or reject my decision before 22 February 2024.

Debra Vaughan  
**Ombudsman**