

The complaint

Mrs S has complained that Red Sands Insurance Company (Europe) Limited ('Red Sands') home insurance policy. For the avoidance of doubt, the term 'Red Sands' includes its agents and representatives in this decision letter.

What happened

Unfortunately, Mrs S lost her designer watch in June 2023, and she made a claim for the loss from Red Sands, with whom she held home insurance at the relevant time. Red Sands declined the claim due to the lack of proof of purchase or ownership of the watch being claimed for. Mrs S submitted a complaint to Red Sands however it maintained its decision to decline the claim.

In the circumstances, Mrs S referred her complaint to this service. The relevant investigator didn't uphold the complaint. She considered that Mrs S hadn't been able to provide a suitable proof of purchase or ownership as required by the terms and conditions of the policy.

Mrs S remained unhappy about the outcome of her complaint. In the circumstances, the matter was referred to me to make a final decision in my role as Ombudsman. In December 2023, issued a provisional decision for this complaint and explained why I was minded to uphold Mrs E and Mr E's complaint as follows; -

'The key issue for me to determine in this case is whether Red Sands applied the terms and conditions of the relevant policy, and generally acted, in a fair and reasonable manner. I've concluded that Red Sands didn't act in a fair and reasonably in all respects, and I'll explain why. In reaching this decision, I've also considered the parties' submissions as summarised below.

Mrs S explained that she had numerous photographs of her wearing the watch. However, as the watch was purchased around 15 years ago when a relative died, she didn't have the receipt. She did however have a very old valuation certificate, which she was able to produce, and she considered that this proved ownership.

Mrs S said she'd purchased her policy on-line in November 2022. She said that the user interface showed that adding the receipt or valuation for specified items was optional. Mrs S said that Red Sands had never requested any additional documentation, and at no point did it request a receipt or a valuation. She'd provided the serial number of the watch as requested, but nothing else had been explicitly requested.

Only one other claim had been made by Mrs S in over 25 years of having contents insurance. She thought that the policy small print, stating that a valuation or receipt is required, was the complete opposite to what the 'marketing' website suggested when opening a policy and she considered this to be misleading. Mrs S said that Red Sand didn't alert customers where documentation might be missing, 'but they are happy to take the increased premiums every single month.'

Mrs S said she'd been affected financially, as she'd be paying a smaller monthly premium if she hadn't taken out cover. She felt it unfair that premiums were taken from a customer for items and then informed that the items weren't covered. She also said that the item had a personal value which meant that she wouldn't be able to afford to replace it in any event. She now wanted Red Sands to pay the value for which her watch was insured. She also expected Red Sands' website to be updated to remove the word 'optional' when entering specific items for insurance in terms of receipt/valuation.

I now turn to Red Sands submissions regarding this matter. It said that the claim was declined due to there being no proof of purchase or ownership for the watch as required by the terms and conditions of the policy. It then provided details of the relevant policy wording. It said that if relevant items went missing away from the home, then this evidence was required. The evidence would need to consist of the original receipt in Mrs S's name or a recent professional valuation with specified information included.

Whilst Mrs S had added the serial number to the online portal, it said that this didn't prove that she owned the item. It didn't consider this to be 'suitable' proof and it didn't meet the clear terms of the policy. It said that in its 'welcome' e-mail, it had advised Mrs S to check the insurance documents carefully and provided a process if any of the information needed correcting. Before purchasing a policy, a customer would be able to review the cover documentation. There was also email or 'live chat' available to check details of the cover where unsure, prior to and after purchase of cover but no contact had been made by Mrs S.

During policy set-up, Red Sands said it would request images 'as it may make the claims process easier as we would have the information already'. However, it said that a claim would still need to be assessed, and the required proof of purchase and ownership would still be required. It added that proof of ownership wasn't required at the point of sale, as it would create a barrier to the customer.

I now provide my reasoning for the provisional decision to uphold Mrs S's complaint as follows.

The starting point in deciding complaints of this nature will be the terms and conditions of the relevant policy, as they form the basis of the insurance contract. In this case, the terms and conditions state; 'For any specified contents items or items listed that leave the home in this policy these require suitable proof of ownership for any claim to be paid for those items...' It further explains that 'This is either the original receipt in your name specifically identifying the item or a signed professional valuation within three years of...11/2022 issued in your name showing the date valued, a full description of the item, the unique serial number where the item has one, and where the valuer can be identified to check authenticity....'

I have no reason to doubt what Mrs S has said, that when setting up the policy, the online system had indicated that adding the receipt or valuation for specified items was optional. I also appreciate that Mrs S thinks that customers will use this as their reference point. There is an expectation that the customer must consider the detailed terms and conditions of their policy, to understand their cover and what would be required in the event of a claim. In this case, the wording was very clear that, in the event of a claim for an item where the loss took place away from home, proof of ownership was required. Nevertheless, the form that the proof of ownership must take is less clear.

The screenshots of the on-line system which was provided by the parties show that the up-front information displayed is fairly minimal. It would therefore be reasonable to expect a customer to check the policy documents themselves. The document headed 'My Cover' is explicit and in bold capital letters it states 'Important – Please read carefully.' This specifically refers to the watch again in bold and clear script and the need for proof of

ownership. The explanation as to what is required in terms of proof of ownership is however covered in a general section at this beginning of the document.

The evidence which Mrs S has now supplied is a valuation, which fulfils all the policy requirements save that had been provided over five years before the relevant date rather than less than three years. It is nevertheless a signed professional valuation issued in Mrs S's name, showing the date valued, with a full description of the item, a unique serial number which matches that given by Mrs S when setting up the policy and also giving the name of the valuer so that he can clearly be identified to check authenticity.

In the circumstances, whilst I can't say that the policy-wording or purchase process was entirely misleading, on a provisional basis, I consider that it would be unfair and unreasonable for Red Sands to rely on the strict wording of the policy in relation to the age of the valuation. This is because the specific information about the item in the policy simply requires 'proof of ownership' and the evidence is persuasive in all other respects that Mrs S did indeed own the item at the relevant time. In the circumstances, I provisionally conclude that it would be fair and reasonable for Red Sands to consider Mrs S's claim in accordance with the remainder of the provisions of her policy.'

In my provisional decision, I asked both Red Sands and Mrs S if they had any further comments or evidence that they would like me to consider before I made a final decision.

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.

Red Sands didn't offer any further comments or evidence. Mrs S wished to reiterate that, *'the very misleading portal they use for customers to open a policy with them (showing valuation as being optional), whilst coupled with the higher premium cost due to the included high value worth items, is a must to be changed'*. Mrs S wondered how many other customers were being misled, with what she considered to be two completely different views of what needed to be provided in order for items to be insured. She didn't consider it fair for an insurer to take money, implying that an item was insured in line with the visible customer interface, but then not actually cover it, and she considered this to be wrong. In addition, Mrs S said that when checking online, the cost to replace her watch was now nearly double what she'd insured it for.

Whilst I note the further points made by Mrs S, these don't alter the final outcome. In all the circumstances, I've concluded that the provisional decision provides a fair and reasonable outcome to the matter.

My final decision

For the reasons given above, I uphold Mrs S's complaint and require Red Sands Insurance Company (Europe) Limited to consider her claim in accordance with the remainder of the provisions of her policy.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 19 February 2024.

Claire Jones
Ombudsman