

## The complaint

Mr L complains U K Insurance Limited ("UKI") hasn't dealt with a claim against his contents insurance policy fairly.

## What happened

Mr L had contents insurance with UKI. In 2017 he reported two burglaries. Dissatisfied with the way UKI was dealing with his claim(s), he asked our Service for an independent review. A final decision was issued and accepted. It said, in summary, that UKI should reconsider the items Mr L reported as stolen (except for three guitars and a saxophone) in the first burglary in line with the remaining policy terms.

UKI went on to pay Mr L for some of the items he'd claimed for. This amounted to about £13,500, plus compensatory interest. Mr L complained that UKI wasn't agreeing to pay him for some items, had underpaid him on others, and wasn't engaging with him in a meaningful way. UKI said it had paid for the items which could be fully substantiated and was open to considering further evidence. Mr L asked our Service for an independent review.

Our Service made several recommendations on how to resolve this complaint and the subject matter has continued to evolve. The points of dispute, the list of items claimed for and the evidence for said items has been changed or updated. Ultimately an informal resolution couldn't be reached so the complaint was passed to me to make a formal determination. I issued a provisional decision. I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

UKI remains concerned with some elements of the claim, and Mr L remains concerned that the items he says were stolen in the second burglary aren't being considered. This decision doesn't address these points because the scope of this claim was set out by my colleague in his final decision. What I must consider is whether UKI reconsidered the items Mr L reported as stolen (except for three guitars and a saxophone) in the first burglary, fairly.

As indicated above, matters have evolved. More recently Mr L has reduced the number of items he's claimed for to predominantly those he can evidence in some way he had ownership of. I find UKI ought fairly and reasonably to accept the evidence Mr L has provided and pay him for the remaining items he has claimed for, for the following key reasons:

- UKI initially had concerns with the items Mr L claimed for because they weren't reported at the same time as some others. My colleague discounted this as a reason in and of itself to decline to pay Mr L for these items in his final decision;
- The items claimed for are in keeping with Mr L's other items, as confirmed in the Police report, by UKI's loss assessor, by photographs of Mr L's property/belongings, and by receipts for items in Mr L's name; and

- While some of the items don't have receipts in Mr L's name, he's provided consistent and credible testimony, and some evidence, to explain why he had the items and how and why he has the receipts he does.

Mr L's items are unusual, and many cannot be easily replaced, if at all. UKI should pay Mr L the cost of replacing them as a cash settlement. Mr L has put a great deal of effort into quantifying the replacement cost of his items. UKI has already improved some of its offers and agreed to consider the replacement cost of some items further. I have reviewed Mr L's submissions and I'm inclined to require UKI to offer what he's asked for. I'll explain why.

Mr L has provided details of the items, considered their date of purchase/acquisition, the price originally paid for them, searches of the market, and in some cases enquiries with specialists. I'm also satisfied Mr L has shown care and attention to the figures he's asked for, supported by him making reductions where he considers it appropriate, pointing out prior mistakes, deducting previously paid amounts and considering policy limits. I have further seen no compelling evidence to suggest Mr L has acted in bad faith in what he'd presented.

I'm persuaded, on the evidence available to me, Mr L's figures are reasonable and justified. I'm also mindful the values of some items will always remain uncertain and could change each time a review is undertaken. And I'm mindful this claim is entering into its seventh year. Taking all of the above into account, I intend to require UKI to pay Mr L the figure he's asked for, for each of the items on his December 2023 list, minus £80 for replacement locks (row 64 – because they aren't covered).

UKI can deduct, as Mr L has, payments already made and anything above the single item limit. This comes to £20,355.03 (£20,435.03 - £80.00). As Mr L has been deprived of the money needed to indemnify him for his loss, compensatory interest is appropriate. I think that should be from when UKI could have settled the items which are the subject of this complaint, which I will say is 10 April 2022 - the date other items not included above were settled. UKI should include simple interest\* at 8% a year on the above sum from 10 April 2022 to the date of settlement.

Mr L has health concerns, and he has put a great deal of time and effort into proving his claim, above what would ordinarily be required. I don't think UKI – as the professional party – has done enough here to keep things progressing, and while it seems Mr L may have at times provided information to our Service and not UKI, it seems more likely than not he would have provided further information to UKI had he been asked for it and felt confident it would be considered. That's part of the basis of his dissatisfaction.

I find compensation is appropriate to reflect the impact this matter has had on Mr L since accepting my colleagues' final decision. I'm currently of the view that £500 compensation fairly and reasonably reflects the distress and inconvenience he's been caused. I'm aware there were some issues with payments following my colleague's final decision, for which UKI apologised and paid Mr L £25 compensation. That issue appears to have fallen away so I make no finding on it, or the related customer service issues, in this decision.

#### *My provisional decision*

I intend to uphold this complaint and require U K Insurance Limited to:

- pay Mr L £20,355.03 to settle the claim, plus simple interest\* at 8% a year on this sum from 10 April 2022 to the date of settlement; and
- pay Mr L £500 compensation in recognition of the distress and inconvenience he's been caused."

UKI responded to my provisional decision to say it still has concerns with some elements of the claim. Mr L responded to say he thought he should receive compensatory interest from on or around 31 August 2017. He says this is because by this point UKI had enough information to settle his claim. Mr L provided a great deal of evidence to support his position.

### **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'm satisfied my provisional decision, and the reasons for it, should stand. I will, however, address UKI and Mr L's responses.

I accept UKI remains concerned with some elements of the claim; namely inconsistencies in Mr L's story such as where he was when the theft occurred and whether keys were accounted for. But, as I set out in my provisional decision, my colleague previously issued a final decision (accepted by Mr L) which addressed this and required UKI to reconsider the items Mr L reported as stolen (except for three guitars and a saxophone) in the first burglary in line with the remaining policy terms. I cannot interfere with that decision.

While I understand Mr L's request for compensatory interest from an earlier date, this wasn't a straightforward claim. Ultimately my colleague required UKI to reconsider some items. UKI did reconsider some items and settled some on 10 April 2022. It didn't settle others, which is the basis of this complaint. My decision, broadly, is that UKI should have settled the items referred to above and could have done so on 10 April 2022. It follows I remain of the opinion that is the fair and reasonable date for interest to be paid from.

### **My final decision**

I uphold this complaint and require U K Insurance Limited to:

- pay Mr L £20,355.03 to settle the claim, plus simple interest\* at 8% a year on this sum from 10 April 2022 to the date of settlement; and
- pay Mr L £500 compensation in recognition of the distress and inconvenience he's been caused.

\*If UKI considers that it's required by HMRC to deduct income tax from that interest, it should tell Mr L how much it's taken off. It should also give Mr L a tax deduction certificate if he asks for one, so he can reclaim the tax from HMRC if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 5 March 2024.

James Langford  
**Ombudsman**