

The complaint

Mr B complains about Covea Insurance plc's valuation of stolen items in a home insurance claim.

What happened

Mr B had a Covea home insurance policy. In October 2022, his home was burgled and some of his possessions were stolen, including several pieces of jewellery and part of a stamp collection. He reported the burglary to the police and made a claim to Covea.

Covea accepted the claim but said, in summary, that Mr B hadn't provided sufficient proof of value for some of the stolen items, and that several of these exceeded the policy's single item limit of £1,500. In October 2023, following months of correspondence, Covea offered him £7,021 to settle the claim. It also offered him £100 to apologise for delays and not explaining the claims process clearly.

Mr B was unhappy with this and brought a complaint to this service.

Our investigator didn't recommend that the main parts of Mr B's complaint should be upheld. She explained that Mr B's policy set out limits for individual and overall levels of cover for high risk items. She thought Covea's decision to limit Mr B's claim based on the policy terms was reasonable, and she thought Covea's settlement offer was fair. However, she thought Covea had caused Mr B distress by its handling of his claim. She thought it should pay him £250 to reflect this.

Both parties disagreed with our investigator, so the case was passed to me to make 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.

First, ombudsmen decisions are published so are written in a way that prevents the customer from being identified. The unique circumstances of the theft and items stolen are known and accepted by both parties so I'm not going to set them out in any detail here. I'm also aware of Mr B's personal circumstances and what he's told us about his medical history. If I'm vague about these facts it's to keep Mr B from being identified, not because I've ignored them or think them irrelevant.

Second, Mr B has a separate complaint against the broker who sold him the insurance policy. I'm not going to cover any part of that in this decision.

Finally, Mr B has made detailed points about why he believes Covea's decision was unfair. I've looked at everything he's said but I don't think I need to comment on each point to reach the right outcome. I've focused instead on what I think are the key issues. In summary, he says:

- The value of the stolen items was about £17,380.
- Covea's position that he was underinsured is incorrect.
- He estimated his total value of contents under insurance at £47,500, including £20,000 for the stamp collection. This is below his policy's £50,000 cover.
- He couldn't prove the value of some pieces of jewellery because he'd inherited them.
- Covea's decision to limit the value of some items is wrong.
- Its handling of the claim has caused him severe distress.
- He wants Covea to apologise and settle his claim in full amount.

Covea told us that the value of the stolen items in Mr B's claim was "*outside of policy acceptance*". It says its settlement offer is "*in line with the valuable limits of the policy*". It acknowledged delays processing Mr B's claim but said that some of the delays – for example, fixing a broken window – were down to Mr B.

Section 8 of Mr B's policy booklet sets out how Covea will settle a claim for theft. In summary, it will replace stolen items or offer a cash settlement. In the circumstances of this claim, I think its decision to offer a cash settlement was fair and in line with the policy terms.

While I think it would be unreasonable to expect Mr B to have original receipts for all of the stolen items – especially as he explained that he'd inherited some of them – I would expect him to be able to provide some evidence of value to help Covea settle his claim. Section 12 of his policy booklet explains this:

"In the event of a claim, you will need to provide a professional valuation, receipt or proof of purchase predating the loss as proof of value and ownership. Your insurer may not meet your claim, or the amount of the claim may be reduced if you cannot provide such proof or if the items are not insured to their full replacement cost."

I think the wording is clear and allows Covea to ask Mr B to provide information needed to validate his claim. It looks like he was able to provide this for some of the stolen items but not all, and Covea has largely accepted this, subject to the cover limit.

Section 8 of the booklet sets out the maximum amount it will pay for claims:

- "*For contents, the contents sum insured figure shown on your Schedule of Insurance*"
- "*For high risk property:*
 - *In total, the sum recorded against the high risk property total limit on your Schedule of Insurance.*
 - *For a single article, pair or set, the sum recorded against the high risk property single article limit on your Schedule of Insurance.*"

The policy definition of 'High Risk Property' includes "*articles of jewellery... [and] stamp, coin and medal collections*" (page 24). So I'm satisfied that the stolen items should be considered high risk property and the second of the above policy terms is relevant.

Mr B's policy schedule says "*Limit is variable so please contact broker to confirm*" for the limit on single items and total cover. Covea's internal notes show that the broker confirmed these limits in November 2022: £1,500 for a single item; and £17,500 in total for all high risk items. While I know Mr B disputes these limits, I'm satisfied that Covea assessed the policy cover based on the information given to it by Mr B's broker.

Mr B valued five of the stolen items – including the part of his stamp collection that was taken – as greater than £1,500. Section 12 of his policy booklet says:

“The value of some of your personal possessions, particularly jewellery and other high risk property, is likely to fluctuate considerably. Individual articles, pairs or sets valued at over £1,500 should be specified separately. You should review the value of these items regularly and insure each item for the full replacement cost; seek professional advice if necessary. If the value of any of these items changes, please let us know.”

There were no items specified on Mr B’s policy schedule as being worth more than £1,500. As such, I don’t think it was unreasonable for Covea to apply the policy limit for single items, including the stamp collection.

For these reasons, I think Covea’s settlement offer is fair. I see from Mr B’s evidence that some of the items had a great amount of sentimental value and I know he’ll be disappointed with my decision. However, I don’t uphold this part of his complaint.

I agree with our investigator that Covea should have handled the claim better. For example, Mr B was distressed by its advisor’s initial questions and comments about the theft and the backgrounds checks it conducted. Covea also questioned the total value of contents insured and initially told him he was underinsured. I accept that much of this is a natural part of an insurance claim, but I think Covea could have handled this more sensitively.

I also accept that there was ongoing disagreement between the parties about the value of the stolen items. However, I don’t think it should have taken almost a year from when the claim was first lodged for Covea to make its final offer. I’m also concerned by Covea’s incremental increase of its offer. For example, it proposed different settlement amounts between June 2023 and October 2023, starting at £3,240 and finally reaching £7,021. I see no good reason for this.

Finally, I think Mr B’s personal circumstances – which Covea is aware of – made this process more distressing than it might have been.

All of this means I think Covea has caused Mr B considerable distress in its handling of this claim and should compensate him for this. I’ve considered the level of award this service makes in similar circumstances. Having done so, I don’t think Covea’s offer of £100 following its own review of the claim is adequate. I think it should pay Mr B £500.

It looks like Covea might have already paid Mr B £100. If that’s correct, it should pay him the difference. If not, it should pay him the full £500.

My final decision

My final decision is that I uphold the complaint in part. I order Covea Insurance plc to:

- Pay Mr B £500 to reflect the distress its handling of his claim caused him.
- If it has already made any payment for this, it can deduct this from my award.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr B to accept or reject my decision before 22 July 2024.

Simon Begley
Ombudsman