

The complaint

Mrs R complains about how The Baxendale Insurance Company DAC (“Baxendale”) has handled her claim under her Transit and Storage Insurance policy.

What happened

In 2023 Mrs R arranged for her goods to be packed and then transported as she was moving abroad. She engaged a specialist removal company to arrange this. Mrs R says she was told she would need international transit insurance and the policy was sold through the removal company.

The policy was purchased in March 2023 and packed up to be shipped in April 2023.

When the items were delivered abroad six months later, Mrs R says she carefully checked everything but it was immediately clear there was damage to the boxes and, as a result, many of the items were damaged. So, Mrs R listed and photographed the damaged items and submitted a claim on her insurance policy. Mrs R’s insurance claim for the damaged and lost goods totalled around £3,000.

Mrs R says Baxendale failed to settle her claim. She says she paid the premium in good faith but hasn’t received a settlement. So she complained to Baxendale.

Baxendale say a condition of the policy is that all items to be insured should be listed and quantified on the itemised cover form. It said Mrs R was asked to confirm, for each item claimed, where it appears on the itemised cover form so her claim can be processed but she failed to do so. Mrs R wasn’t satisfied with the response from Baxendale so she referred her complaint to this service.

Our investigator looked into things and said Baxendale should reconsider the claim. She said the terms of the policy mean Baxendale can settle the claim how it thinks is reasonable. The investigator said any items not listed in the itemised list should be considered under ‘Miscellaneous’. She also said since Mrs R didn’t complete the itemised list in line with given instructions she may not receive full settlement of the items being claimed for.

Baxendale didn’t agree so the complaint was reviewed. A further view was issued and the investigator said Baxendale should settle the 18 items listed correctly, where it pays a cash settlement 8% simple interest should be added, plus £400 for the distress and inconvenience caused.

Baxendale didn’t agree. It said if it were to revert to the original itemised cover form it would deduct the unpaid insurance premium for the additional items from any settlement; approximately £700. Because Baxendale didn’t agree the complaint has been referred to me to make a final decision in my role as ombudsman.

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 understand Mrs R is frustrated in having to go through a lengthy and upsetting series of events because of the damage and loss. Especially as she's moved to a different country. The damage and loss to household and personal possessions, and items of sentimental value will have been distressing. But, unfortunately, it's an inevitable part of an involved insurance claim of this nature; that discussions, justification and evidence for claims need to be provided for individual items before an insurance company can indemnify policyholders for evidenced loss. I understand that such a process can take time and cause additional frustration for policyholders.

The timescales relating to this case are lengthy but due to the informal nature of our service, I'm able to look at the key considerations for decision; rather than commenting on each point. The key issues are whether Baxendale applied the terms and conditions of Mrs R's Transit and Storage Insurance policy in a fair and reasonable manner. The second issue is whether Baxendale generally acted fairly and reasonably in the handling of Mrs R's claim. In both cases I've concluded that, on balance, it didn't do so in all respects. So, I'm upholding Mrs R's complaint and I'll explain why.

The relevant industry rules require insurers to handle a claim promptly and fairly. And they shouldn't unreasonably reject a claim.

My starting point is the policy terms. The policy would have provided cover from the time the household goods came into the care and control of the removal company until they were redelivered to the relevant destination address. This is subject to certain limits, conditions, and exclusions. When her goods arrived Mrs R says it became immediately clear the containers showed signs of damage. Items hadn't been sufficiently protected in transit and had been damaged or, in some cases, destroyed. Mrs R says she was given an unrealistic period to make her claim given the number of items and the extent of the damage. Mrs R was told she needed to make her claim within seven days.

The policy terms say, "*Claims must be notified in writing to the remover with the following time limits: within 7 days of delivery of the goods.*"

As outlined the policy terms do say that any claim has to be made within seven days. So I can't say Baxendale acted unfairly in applying these terms. And Mrs R did make her claim within those timescales. I think this would have been difficult given the volume of items to be unpacked and considered. Indeed, Mrs R has explained the time and effort that went into making her claim and ensuring the information she provided was accurate – cross referencing her records with the relevant boxes.

In March 2023 Mrs R provided an itemised breakdown of the goods to be transported including the amount and estimated replacement value. And I can see in her insurance claim Mrs R listed a number of items she said were destroyed or damaged. And referenced them to the March itemised list with the estimated value. Mrs R's insurance claim was valued at approximately £3,000.

When Mrs R initially submitted her itemised list there were a number of items listed that wouldn't be covered under the policy for example the sofa, some jewellery, and a bed. So Baxendale told Mrs R those items that weren't covered by the policy needed to be removed from the itemised list. The policy terms and conditions allow for the approach taken by Baxendale. So I can't say it was unfair or unreasonable for Baxendale to have applied its policy terms in excluding certain items at that time. And Baxendale charged Mrs R the premium accordingly.

The premium

Baxendale contacted Mrs R on 22 March 2023 to say a number of items on her personal effects statement and itemised insurance cover forms weren't covered by the policy. So those items were removed and a new premium calculated. The premium was based on the items Mrs R wanted to insure.

In response to the investigator's view Baxendale suggested it revise the cost of the premium to revert to the original level of cover – around £50,000. But I don't think that's fair. Mrs R isn't asking for settlement of items not covered by the terms of the policy. And I don't think the investigator was suggesting Baxendale revert to the previous valuation of items, especially since those items aren't covered by the policy; so it would be unfair to ask Mrs R to pay an increased premium.

Service issues

Mrs M says the process has been distressing and time consuming. I've noted the email communication between the parties and note the number of items being claimed for and discussed. And when Baxendale didn't deal with her claim swiftly or fairly I think this caused Mrs R further distress and inconvenience. Our investigator said Baxendale should pay Mrs R £400 to reflect this service failure and the additional stress and inconvenience caused. And I think that fairly reflects the impact this has had on Mrs R.

Mrs R raised concerns about the way her items were packaged but while we can consider the actions of other parties when they act as agents for Baxendale this is only with the insurance aspect of the complaint, which can in itself be a source of frustration. Concerns about the removal company's negligence wouldn't be a matter this service could consider as its outside of our jurisdiction. It's only the insurance aspect that can be directed through this service.

Baxendale said it asked Mrs R to confirm, for each item claimed, where it appeared on the itemised cover form so it could process her claim. I have seen photographs of damaged items together with detailed lists of those items, who packed them, relevant box numbers, and whether they formed part of the claim. Mrs R also told Baxendale the items were available for inspection if necessary.

Mrs R has completed similar moves previously and has explained how methodical she was in her approach to listing the items and then checking them during unpacking. So I'm satisfied she's taken the relevant steps to prove her claim for items listed in the itemised cover sheet (and packed by the removal company) dated 22 March 2023, and detailed below for the avoidance of doubt.

Item	Replacement Cost
Tagine casserole	79.90
Gold rimmed large wine glass - set of four	49.95
Clear glass vase	39.95
Antique lead crystal large vase	190.05
Smoked glass casserole	51.95
Clear glass casserole	94.95
Coloured ramekin	18.95
Terracotta glazed bowl	20.60
Spaghetti pasta jar	59.90
CD Rack tower	344
Lamp	399

Olive dish	72
Slow cooker	49
Cube plastic box	52.85
Silver standard lamp	154
Glass coffee carafe	160
Crystal Long stem candelabra	790

Which I calculate to be \$2,627.05. I appreciate the cost to replace these items may have increased since the claim was first submitted so Baxendale may need to reassess replacement costs.

The rules the financial ombudsman are bound by set out that where a business makes an error, it's generally fair for us to recommend a business refunds any financial losses directly and solely caused by the error. So, it follows that since Baxendale failed to settle the actual cost of the items and I think that was unfair, I am relying on those rules to direct Baxendale to now cover those costs.

And with this in mind I think Baxendale should pay the compensation recommended by the investigator. I say this because I think it's in line with our general approach to compensation and the amounts we see awarded on complaints about similar situations where it has led to the level of distress and inconvenience Miss R has told us about.

I appreciate there will be aspects of my decision that will disappoint both Mrs R and Baxendale. But my role is to reach a resolution that's fair and reasonable for all parties. And I'm satisfied what I've set out below reaches a fair resolution to this longstanding dispute.

Putting things right

In order to put things right Baxendale should;

- Settle the contents claim for the items detailed above and,
- Add 8% simple interest to any cash settlement paid, from the date of the claim to the date settlement is paid.
- To pay compensation in the sum of £400 for distress and inconvenience caused

My final decision

For the reasons given above I'm upholding Mrs R's complaint about The Baxendale Insurance Company DAC and direct it to put things right by doing what I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 9 December 2024.

Kiran Clair
Ombudsman