

The complaint

Ms T complains that she is unhappy with the settlement offered by Chaucer Insurance Company Designated Activity Company following damage to her contents whilst being transported abroad.

What happened

Ms T hired a removal company to transport her home contents abroad as part of a permanent move.

As recommended by the removal company, Ms T took out insurance to cover the transportation with Chaucer - and completed a contents valuation form with the moving company. The contents were valued at £34,220.

When the container arrived at Mr T's new home abroad, all of the items were water damaged and most were mouldy. Chaucer appointed a loss adjuster to inspect the damaged items and recommend a settlement.

Chaucer paid Ms T an interim payment of £5000, and then offered a further £10550 to settle the claim making the total settlement offered £15300 (excluding the £250 excess).

Ms C was unhappy with this settlement offer and complained to Chaucer. They didn't uphold her complaint, so Ms T brought her complaint to us.

One of our investigators looked into Ms T's complaint and he thought that Chaucer should use the values declared on the valuation form to settle the claim for the damaged items that aren't being repaired, restored or are excluded from cover. He also recommended 8% statutory interest on that sum from the date of from 22 August 2023 until the date of settlement, and £100 for the distress and inconvenience suffered.

Ms T accepted our investigator's recommendation, but Chaucer haven't responded, and so the matter has come to me for a 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.

I'm upholding this complaint and I'll explain why.

I have to decide whether Chaucer have acted fairly and reasonably, and properly applied the terms of the policy.

The valuation of the items

Ms T trusted the removal company with her possessions and paid a considerable sum for them to be transported to her new home. They were collected in December 2022 and delivered to her in May 2023 with water damage.

Mrs T completed Chaucer's Marine Insurance Valuation Form with her remover on 10 December 2022, itemising and valuing her possessions. On the form it says "Please refer to your prospectus for an explanation on how to value your effects, as this document details the basis of the cover applicable. Any items not both declared and valued will not be covered. Field marked with an X are not required."

At the bottom of the form it says "Please return this document to your Mover electronically or by post. You will then be issued with a certificate of Insurance."

It is clear from the policy documents that the policy is not a new for old policy, and also that when valuing items, it has to be at their actual value, not the value of replacing them new. And so I'm satisfied that when Ms T completed the valuation form, she was aware of the instructions for correctly valuing the items, and was following them to correctly value the items. She has since paid considerably more to replace a number of items with new ones, which also demonstrates she hadn't valued the items as new.

Chaucer accepted the valuation figure of £34,220 for the items when they issued the policy and charged a premium accordingly – which was 2.5% of the stated value of the items. It seems to me that giving very specific instructions about how to value the items you are offering cover for, and then calculating the premium as a percentage of that value, is an acceptance by the insurer that the value of the items is as stated.

The certificate of insurance confirms that the total insured value is £34,220 and that Ms T has standard cover. The terms and conditions of the policy explain the scope of cover the policy provides as follows:

'COVER

Subject to the Cover selected on the Certificate, the scope of cover provided is as follows:

- 1) SUPER COVER: provides cover for physical loss and/or damage to the subject matter covered except for the exclusions listed herein.*
- 2) STANDARD COVER: is as per Super Cover subject to you bearing a claims excess of 1% of the total Sum Insured under the Certificate subject to a minimum of £25 and a maximum of £250.'*

Subject matter is also defined in the policy terms as '...Household Goods and Personal Effects, Antiques, Motor Vehicles, Boats and items of similar interest as declared on the Overseas Valuation Form.'

The terms also state:

"Basis of Claims settlement

The settlement of any claim shall be the replacement , repair, (but excluding any depreciation consequent upon such a repair) and/or compensation at Insurers option. Insurers will take into consideration the age, quality, condition, and current used market value of items when calculating the indemnity replacement value for claim settlement"

I haven't seen any evidence from Chaucer which supports their lower valuations for the items that are beyond economic repair, and so I am satisfied on the basis of the above, that Chaucer should settle Ms T's claim using the individual values on her valuation form which were accepted at policy inception, excluding any items that are excluded under the policy – which unfortunately will include the watches that were erroneously packed.

Shipping costs

Ms T has asked that we consider whether Chaucer should cover the shipping costs.

I understand that the shipping costs were not included on the original insurance valuation form that was completed and signed by Ms T. There is a space at the bottom of the form before the final sum to be insured for the shipping costs to be included. However, it was left blank and so when the premium was calculated it wasn't taken into account.

I can also see that under the terms of the policy, under "What is not covered", it says "Any items not listed on the supplied valuation form".

I'm satisfied that for both of the above reasons, it's not reasonable to ask Chaucer to cover the shipping costs. Ms T would need to seek legal advice about any possible contractual redress against the removal company.

Contractual compensation

Ms T has also been offered a contractual compensation settlement from the removal company under 8.2 of their terms of business. They have offered £40 for each of 22 items but Ms T says that she wants compensation for 200 items, and has asked us to review this.

Unfortunately, as this is term of the contract between Ms T and removal company, which is not part of the contract of insurance, I can't comment on this – we can only look at the regulated activities of the insurer, not the removal company. Ms T will need to seek legal advice about the enforcement of that contractual term.

Distress and inconvenience

I can appreciate how distressing this whole incident has been for Ms T, but for the most part, that distress has been caused by the loss of her possessions due to the damage in transit rather than by the actions of Chaucer.

When looking at making an award for distress and inconvenience, I can only look at any additional distress caused by Chaucer's failings in dealing with the claim between the date of claim in May 2023, and the date of the final response letter in December 2023.

Whilst I appreciate Ms T didn't agree with the settlement offered, the claim was assessed in a reasonable period of time, and an offer made, so I don't think that Chaucer caused unreasonable delay in this or were very unresponsive as a company. The investigator has awarded £100 for the additional distress and inconvenience caused here, and I agree that this seems a reasonable sum, given that I will be directing that interest is paid on the additional settlement sum to compensate for any loss.

Putting things right

In order to put things right I think that Chaucer should:

- Calculate and pay a settlement based on the values declared on Ms T's valuation form for all the items that are deemed beyond repair or restoration (and which are not excluded). The £5000 already paid by Chaucer should be deducted from this sum.
- Pay Ms T 8% interest on the above payment from 22 August 2023 to the date of settlement

- Pay £100 in respect of the distress trouble and upset caused

My final decision

My decision is that I'm upholding Ms T's complaint and directing Chaucer Insurance Company Designated Activity Company to put things right as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms T to accept or reject my decision before 19 August 2024.

Joanne Ward
Ombudsman