

The complaint

Ms P complains about Admiral Insurance (Gibraltar) Limited (“Admiral”) and the value of the settlement offered to her after she made a claim on her contents insurance policy following a burglary. Ms P also complains about the service Admiral and their agent provided during the claim process.

What happened

The claim and complaint circumstances are well known to both parties, so I don’t intend to discuss them in detail. But to summarise, Ms P held a contents insurance policy, underwritten by Admiral, when her home was burgled, and several items of jewellery stolen. So, she contacted Admiral to make a claim,

Admiral appointed a specialist company, who I’ll refer to as “L”, to progress Ms P’s claim and if necessary, replace the stolen jewellery. As L were appointed by and acting as an agent of Admiral, Admiral ultimately remain responsible for the actions L took during the claim. L offered Ms P a total replacement value of £18,732, or a cash settlement of £14,249.51. But Ms P was unhappy with this offer, so she raised a complaint to Admiral.

Ms P didn’t think Admiral made it reasonably clear the importance of her needing to specify all of her high-value items when she took out the policy. So, she didn’t think it was fair for Admiral to apply the policy limits on the total amount offer to her to settle the claim. She was unhappy that Admiral’s cash settlement was less than the replacement value provided by L, Admiral’s delay in responding to her Data Subject Access Request (“DSAR”) and that L had the incorrect policy limit information when they discussed her claim with her. So, she wanted the cash settlement offer to be increased to the replacement value at the very least.

Admiral responded to the complaint and upheld it in part. They thought the policy terms and conditions made it clear Ms P had a responsibility to ensure her high value jewellery was specified and valued correctly. So, they didn’t think they acted unfairly when applying the policy limits. And they thought they had acted within the terms and conditions of the policy when offering a cash settlement based on what the claim would cost them, had Ms P agreed to replace the jewellery through L. But they accepted there had been delays in the DSAR process, and that there was confusion with the policy limited information. So, they offered to pay Ms P £50 to recognise this. Ms P remained unhappy with this response, so she referred her complaint to us.

Our investigator looked into the complaint and upheld it. They thought Admiral had made it reasonably clear Ms P would need to specify high value items worth over £1,000. So, they thought Admiral were fair to apply a limit on these items.

And they thought Admiral acted within the policy terms when offering a cash settlement that was less than the cost to replace the jewellery with L. But they didn’t think Admiral had made the unspecified item limit reasonably clear. And they thought there had been unreasonable delays during the DSAR process. So, they recommended Admiral recalculate Ms P’s premium had she declared all the unspecified items worth more than £1,000 and proportionally settle the claim on that basis, issuing Ms P with an increased settlement plus

interest if this resulted in the settlement being more. They also recommended Admiral pay Ms P £150 to recognise the inconvenience Ms P was caused by the above.

Ms P accepted this recommendation. But Admiral didn't. They thought it had been made reasonably clear to Ms P through the policy schedule, terms and conditions and the initial sales call what the unspecified item limit would be. So, they maintained their view they had acted fairly and didn't think they needed to do anything more. As Admiral didn't agree, the complaint was passed to me for a decision.

On 16 July 2024, I issued a provisional decision explaining why intention to not uphold the complaint. In that 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. Having done so, it's my intention to not uphold the complaint. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

First, I want to recognise the impact this complaint has had on Ms P. I don't doubt it would've been extremely upsetting and shocking for Ms P to discover her home had been burgled, and several items of jewellery had been stolen. And I appreciate Ms P purchased the policy with Admiral to assist her both practically and financially in situations such as the one she found herself in. So, when Admiral offered Ms P a financial settlement that she didn't think was fair and reasonable in comparison to the actual worth of the jewellery that was stolen, I can understand why she'd feel unfairly treated and raise a complaint.

But for me to say Admiral should do something differently, such as increase the claim settlement or alter the way this settlement has been calculated, I first need to be satisfied Admiral have done something wrong. So, I'd need to be satisfied Admiral acted outside of the policy terms and conditions when offering to settle the claim as they have. Or, if I think Admiral did act within these, I'd need to be satisfied Admiral acted unfairly or unreasonably in some other way. And in this situation, I don't think that's the case. And I'll explain why.

Before I discuss the main crux of the complaint, which I believe to be the claim settlement, I want to comment on the other complaint issues Ms P raised. It's already accepted there was some inconsistencies with the policy limit Ms P held, compared to the one L communicated to her in the claim process. And I've seen there was a delay in Admiral responding to Ms P's DSAR. But I've seen Admiral have paid £50 to recognise the inconsistency with the policy limit, and they ensured the correct limit was considered when settling the claim. And I can see Admiral acted swiftly to ensure Ms P received the response to her DSAR request when it became clear she couldn't open the files from their initial response.

So, even though this initial response to the DSAR was slightly delayed, I feel like the £50 compensation, when compared alongside Admiral's actions they took to put things right, was a fair resolution to these issues and the impact caused to Ms P and so, I don't think Admiral need to do anything more regarding these complaint issues.

I've then turned to the claim settlement itself. And I want to reassure Ms P I've considered all of her comments and concerns, even if I don't refer to them specifically.

I've carefully reviewed the policy terms and conditions. And these explain that for any high-risk item to be valued at more than the unspecified item limit, it must be shown in the policy schedule as a specified item. The policy then goes on to explain under the title "what is not

covered” that Admiral won’t cover:

“Any amount over the unspecified item limit for any item or collection not mentioned in your policy documents” and “Any amount over the value shown for each item in the specified items table in your policy documents”.

So, based on the above, I’ve then reviewed the policy schedule to understand which items were specified. And on the schedule, I can see a watch was specified for £4,500 and three other items of jewellery at £1,500. And underneath, the schedule states “Single unspecified High Risk items worth more than £1,000 must be specified in the table above to be covered to their full value”.

I’ve reviewed the settlement offer put to Ms P. And this limited the items listed that were stolen, to the value specified. And for any other unspecified item, the settlement limits these to £1,000 which Admiral say is the unspecified limit. So, based on the above, I don’t think I can say Admiral have acted unfairly when applying the exclusions and limits above when calculating the replacement value, or cash settlement offer, as I think they were entitled to do so.

But as I’ve explained earlier within my decision, I’ve also thought about whether I think Admiral acted fairly and reasonably. And I note Ms P doesn’t think Admiral have, as she doesn’t think they made it clear the implications of not specifying an item, or ensuring its valuation was correct. So, I’ve considered the policy documentation against the information provided to Ms P in the initial sales call, where she was asked specifically if she had any items she wished to insure worth over £1,000. I think this information together makes it reasonably accessible to ascertain that the unspecified limit was £1,000, as Ms P was being asked both verbally and in writing to specify any item worth more than this amount.

While I do think it would’ve been an example of perfect service for Admiral to set out the unspecified item limit as a definition, I don’t think their failure to do so here means they’ve acted unfairly, or that Ms P was disadvantaged. I say this because I don’t think I’ve seen any evidence that persuades me that, had Admiral included this within the policy documentation or stated it explicitly on the initial sales call, Ms P would’ve done anything differently.

I think the policy terms, and the advisor on the sales call, make it reasonably clear to Ms P that any item worth over £1,000 should be specified. And on the initial sales call, Ms P states she will ensure she reads the policy documentation when it’s received. Within the terms and conditions, it states that Ms P, or any other customer “must make sure that specified items are always insured for the correct amounts.” And I think this is a reasonable expectation, as it falls in line with standard industry approach. So, I think Ms P would always have ended up being in the situation she found herself in, with items of jewellery either unspecified, or specified for a value that is lower than their actual valuation.

So, I don’t think I can say Admiral have acted unfairly or unreasonably when calculating the replacement value, and cash settlement, including the policy limits and exclusions.

I’ve then thought about Ms P’s unhappiness about the difference between these two amounts.

But I’ve seen within the policy terms and conditions the actions Admiral can take when settling a claim. This includes replacing the item as new or “pay in cash or vouchers up to the amount we could repair, restore, or replace the item for”.

In this situation, Ms P chose not to have replacements and instead opted for a cash settlement. And due to the working relation between L and Admiral, which isn’t uncommon

across the industry, the amount Admiral would pay L to replace the items was less than the replacement value. So, based on the terms and conditions of the policy, I don't think I can say Admiral have acted unfairly or unreasonably when offering Ms P a cash settlement amount linked directly to what they would've paid L. And because of this, and all the above, I don't think I can say Admiral should do something more on this occasion.

I understand this isn't the outcome Ms P was hoping for. And I appreciate it represents a change to our initial outcome, which will no doubt be frustrating. I also want to recognise the financial impact to Ms P and I appreciate she's been left in a position where she's without the jewellery, or the funds she feels she required to allow her to replace these. But for the reasons I've set out above, I don't think I've seen evidence that persuades me Admiral have done something wrong that had left Ms P in a different situation to what she would've been in. And I do think the offer put to Ms P falls in line with the cover, and policy terms, she held. So, for this reason, it's my intention to not uphold the complaint on this occasion."

Responses

Ms P responded to the provisional decision and didn't agree, providing comments explaining why. These included, and are not limited to, her reiteration of how upsetting the burglary had been for her and then how difficult the claim process had been, considering she's unaccustomed to making insurance claims. Ms P continued to set out why she was unhappy that she was incorrectly told her High-Risk limit was £20,000, rather than the correct amount of £30,000 and she explained why she felt a fair settlement of her claim would be the total High-Risk limit insured on her policy.

Admiral didn't respond to my provisional decision and so, provided no further comments for my consideration.

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 won't be changing my original conclusions and so, I'm not upholding this complaint. And I'll explain why. I want to reassure Ms P I've thought carefully about the comments she's provided following my provisional decision. But having done so, I believe my original decision included above explains my thought process that answers most of these. But for completeness, I will provide additional clarification where I think it's needed.

I don't in any way doubt the upset and inconvenience the burglary caused Ms P, nor do I doubt her testimony that she was unaccustomed to purchasing insurance policies or making claims on them. And this is something I've thought about throughout the entirety of the decision-making process.

But crucially, there is a responsibility on a customer to ensure they understand the scope of the policy they've purchased. And a fundamental part of this is reading the policy documentation to ensure the level of cover is correct for them. Ms P confirmed she would read this documentation on the original sales call, which I've listened to.

And as I've already explained within my provisional decision, I think the policy documentation makes it reasonably clear the limitations of Ms P's policy and specifically, that High-Risk items worth over £1,000 need to be specified on the schedule in order to be paid to their full value.

Ms P's schedule didn't specify all the items she wished to claim for. And even then, the

specified items weren't specified for an accurate valuation that it would cost to replace them. So, I don't think I can say Admiral have acted unfairly when calculating Ms P's settlement based on the limits created by the above, set out within the policy that Ms P herself agreed she would read to understand. If Ms P had any concerns after reading the policy documentation, I would've expected her to contact Admiral to obtain answers to any of her questions or concerns. But I can't see that she did.

And I want to make it clear that, while Ms P did have a High-Risk limit of £30,000, this doesn't automatically mean this is the settlement Ms P should receive or is entitled to. I would still expect Admiral to validate Ms P's claim, considering the other limits included within the policy which includes a cap on items worth over £1,000 that haven't been specified, and a cap on items specified for less than they are worth. This is because failure to correctly disclose this information has a direct impact on the policy premium Ms P paid, as the more specified High-Risk items there are, the higher the risk to Admiral when providing cover.

So, this is why I don't think Admiral need to pay any more than the £50 compensation already offered to recognise the misinformation given to her about her High-Risk policy limit, as her claim would never have exceeded the £20,000 limit she was mistakenly told, let alone the correct £30,000 limit included within her policy. So, because of the above and all the reasoning set out within my previous decision, I don't think Admiral need to do anything more on this occasion.

Again, I want to make it clear this decision isn't intended to take away from Ms P's lived experiences, nor is it in any way intended to come across that I haven't thought about Ms P's situation, and the fact she's had items stolen through no fault of her own that she now feels she can't adequately replace. But my decision has been reached following our service's standard approach, taking appropriate consideration to the policy terms and conditions, as well as what I think is fair and reasonable, as I am required to do.

My final decision

For the reasons outlined above, I don't uphold Ms P's complaint about Admiral Insurance (Gibraltar) Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 28 August 2024.

Josh Haskey
Ombudsman