

## **The complaint**

Mr G and Mrs M complain about Ageas Insurance Limited's decision to decline a claim for a stolen watch.

## **What happened**

The background to this complaint is very well known to both parties, so I'll provide only a brief summary here, concentrating on the key issues.

Mr G and Mrs M have home insurance underwritten by Ageas to cover their home and its contents. They made a claim in May 2024 after a watch went missing during a house move.

Ageas declined the claim. They pointed to an endorsement on Mr G and Mrs M's policy, which said that Ageas would not provide cover for jewellery items (including watches) worth £5,000 or more unless they were either being worn or in a safe at the time of loss.

They also pointed out that the watch in question was listed as a higher value personal possession on the policy schedule, with a value of £8,000.

Mr G and Mrs M weren't happy with this. They said the broker through whom they bought the policy had mistakenly listed the watch at a value of £8,000. The £8,000 was in fact the value of the watch plus a ring. The broker accepted this immediately that Mr G and Mrs M raised it and amended the schedule.

When Mr G and Mrs M complained to Ageas, they maintained that it would nonetheless cost them more than £5,000 to replace the watch and said their decision to decline the claim had been correct. However, they admitted delays and poor service in their handling of the claim and paid Mr G and Mrs M £150 in compensation for their trouble and upset.

Mr G and Mrs M weren't happy with this outcome and brought their complaint to us. They want Ageas to settle the claim by either giving them a voucher worth £6,000 to spend with Ageas' supplier or a cash settlement at just over £4,000. This is what Ageas' agent had initially proposed in settlement of the claim.

Our investigator looked into the complaint and upheld it. He thought the compensation paid to Mr G and Mrs M was fair and reasonable. But he thought Ageas were wrong to decline the claim and he asked them to re-consider it under the remaining terms of the policy.

Ageas disagreed and asked for a final decision from an 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'm going to start with the policy terms – and in particular, the relevant endorsement. It's worth quoting this in full. It says:

*“If any individual item of jewellery (including watches) specified in the schedule is valued at £5,000 or more, or if the total amount of jewellery on the schedule exceeds £10,000, cover only applies when:*

*They are being worn, or*

*They are being kept in a locked safe.”*

There isn't more than £10,000 worth of jewellery in the schedule. However, Mr G and Mrs M did value the watch at £5,000 *after* the broker's error was corrected. So, if the watch were in fact worth that much (or more), Ageas would be entitled to decline the claim. There's no dispute that the watch – when it went missing – wasn't being worn and wasn't in a safe.

It's important to note the exact meaning of the policy wording though. Cover won't apply if any item not being worn or in a safe *“is valued at £5,000 or more”*. It doesn't say Ageas won't cover items (in those circumstances) if the customer values the watch at £5,000 or more (in the schedule).

The key sentence is passive. There's no indication of whose valuation it is (or when). Although that makes the relevant sentence ambiguous, it's my view that the most natural reading of the terms would suggest that Ageas will not pay out (in those circumstances) if the item is *in fact* worth £5,000 or more.

So, my decision hinges on one key question – how much is the watch in fact worth?

Mr G and Mrs M have provided a copy of a valuation report obtained in, I believe, 2021. This values the watch at just over £3,500. Given the likely rate of inflation, that would probably put the watch at somewhere just under £5,000 in 2024.

Ageas' jewellery experts said the watch wasn't made any more, so direct replacement was impossible. They thought the nearest equivalent in the manufacturer's range was available for around £5,500. And it's on that basis that Ageas said the watch was worth more than £5,000 and applied the terms of the endorsement.

When they were later asked about this in more detail, the experts said the original watch had been quartz-powered - and the manufacturer no longer made quartz watches. The closest equivalent in the current range was valued at £5,500. However, a second-hand replacement of the exact model could be obtained for far less than £5,500.

They also said that when they'd discussed the matter with Mr G, he'd indicated that he wanted to replace the watch with the same model from the second-hand market.

Mr G has provided us with several advertisements which show the same make and model of watch on sale for significantly less than £5,000.

So, taking all of that evidence into account, I'm entirely satisfied the watch Mr G and Mrs M lost was not worth £5,000 or more. And so, the endorsement does not apply, and Ageas can't reasonably decline the claim on the basis of that endorsement. The cost of providing *“the nearest equivalent”* new watch – which is clearly an upgrade – is entirely irrelevant

I note also that the policy terms are very clear about how claims will be settled. They say it's for Ageas to decide, but items lost or damaged will either be replaced / repaired, *or* a cash settlement will be offered. The cash settlement would be at the value of the item in question or the cost of repairing or replacing it (whichever is lower).

So, Ageas aren't bound to go via their jewellery suppliers (which is where the £5,500 – upgraded - replacement cost came from). And they can provide a cash settlement at the value of the lost item.

In this case, I'm upholding the complaint because I think there's compelling evidence that the watch is worth considerably less than £5,000 – and can be replaced for considerably less than £5,000. And I will be asking Ageas to re-consider the claim under the remaining terms – as suggested by our investigator.

I do though need to manage Mr G and Mrs M's expectations. They can't have their cake and eat it here. Having determined that Ageas can't decline their claim on the basis of the unreasonably high cost of replacement initially proposed by their jewellery assessors, I can't then ask Ageas to settle the claim on the basis of that unreasonably high figure.

Mr G and Mrs M have told us they want the £6,000 voucher or the c.£4,000 cash settlement initially offered by Ageas' agent. But that was based on replacing the watch with the nearest equivalent in the current range (which I've said is the wrong way to assess the claim).

The principle here is that the insurance contract between Ageas and their policyholders requires Ageas to *indemnify* Mr G and Mrs M – that is, put them back in the position they were in before the insured event occurred. So, Ageas would be entitled to pay Mr G and Mrs M enough to secure an exact replacement for their watch through the second-hand market.

### **Putting things right**

So, given the conclusions I've come to above, Ageas must re-consider the claim under the remaining terms of the policy, on the assumption that the endorsement they originally relied on to decline the claim (and which is set out above) does not in fact apply.

I agree with our investigator that the £150 compensation paid to Mr G and Mrs M was fair and reasonable and I won't be asking Ageas to pay more.

I have no doubt this whole episode has been upsetting for Mr G and Mrs M. Ageas aren't responsible for the theft – which would always have caused Mr G and Mrs M some distress – but they have admitted there were avoidable delays and poor service in their handling of the claim, which added to Mr G and Mrs M's distress and inconvenience.

In terms of the delays and confusion in the handling of the claim, I bear in mind that Ageas aren't to blame for all of that. It appears the broker's error caused the initial confusion about the possible value of the watch.

I also have to ask Mr G and Mrs M to understand that it didn't help that even after that error was corrected, they still had a declared value on the policy of £5,000 for a watch that, with hindsight, isn't worth close to that amount.

Taking all of that into account, I'm satisfied that £150 is fair and reasonable compensation for the delays and poor service caused by Ageas' errors or omissions. As I understand it, that compensation payment has already been made, direct into Mr G and Mrs M's bank account, by Ageas.

### **My final decision**

For the reasons set out above, I uphold Mr G and Mrs M's complaint.

Ageas Insurance Limited must re-consider Mr G and Mrs M's claim under the remaining terms of the policy.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Mrs M to accept or reject my decision before 6 December 2024.

Neil Marshall  
**Ombudsman**