

The complaint

Mr B has complained about how Acromas Insurance Company Limited (Acromas) dealt with a claim under a home insurance policy.

References to Acromas include companies acting on its behalf. I'm aware that Mr B is represented on this complaint but, for ease, I will normally only refer to him.

What happened

Mr B contacted Acromas to make a claim following a burglary at his property. Items had been stolen including a coin collection and some cash boxes. Acromas assessed the claim and later offered Mr B £20,050 to settle it. However, when Mr B followed up on the payment, Acromas told him it had previously told him the wrong settlement. It said it should have applied the £2,500 policy limit to the coins because they were a collection.

Mr B complained about delays in progressing the claim and that Acromas had withdrawn the higher settlement amount. When Acromas replied, it said there had been unnecessary delays during the claim. It also said an error had been made in offering £20,050 for the claim. It said the full settlement amount for valuables had been offered because the coins had each been viewed as individual items. However, they should have been viewed as a collection. This meant the single item limit applied, which was £2,500. It apologised for the incorrect information about the settlement figure, but said it wouldn't be offering £20,050 as settlement. It offered £500 as an apology.

When Mr B complained to this Service. Our Investigator upheld the complaint in part. She said it was fair for Acromas to regard the coins as a collection, rather than as individual items. So, the £2,500 limit applied. However, she said the excess was deducted from the limit. She said this wasn't fair because it meant Mr B was unable to claim the full limit the policy offered. So, she said Acromas should pay the full limit of £2,500 for the coin collection. She said Acromas didn't need to pay interest on the settlement because Mr B had refused the payment. She also said the £500 compensation Acromas offered was fair for the delays with the claim.

Mr B didn't agree it was fair for Acromas to be able to make a mistake and then correct it. Acromas was also now relying on a second, alternative, interpretation of the policy wording to substantiate its revised offer.

Acromas also didn't agree it was fair to deduct the excess from claim value, rather than the policy limit. It said the total amount it should pay is £2,450. So, the complaint was referred to me.

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 uphold this complaint in part. I will explain why.

The policy said it covered theft. But the Contents section said it didn't cover:

"Any amount above the limit shown on your Schedule for a single item, collection or set of valuables or personal belongings unless specified on your Schedule."

The policy schedule explained that Contents was insured up to £75,000 *"Including cover for valuables within the home up to £20,000.00 in total (£2,500 per item/ set unless specified below)"*.

I have checked the schedule and the coins weren't specified. I'm aware Mr B has said there were 21 sets of coins. So, said these should be settled at a maximum value of £2,500 per set and that the word *"collection"* wasn't used in the policy wording. I note Mr B also later said *"coin collections"* weren't referred to. I've read the policy booklet, which was the same one Mr B referred to, and I've also looked at the wording Mr B highlighted.

The wording in the Contents section I've already quoted above used the word *"collection"*. The policy also gave a definition of valuables. This was:

"Jewellery, watches, clocks, furs, articles made of gold, silver and other precious metals, precious stones, pictures, works of art and collections of stamps, coins and medals which you own or are in your possession."

In the section called *"How Much We Will Pay"*, in the part about Contents, it also said:

"The most we will pay for any single item, collection or set of valuables is £2,500 unless it has been specified by you and is listed on your Schedule as a specified item."

So, I'm satisfied that the policy explained that the Valuables policy limit applied to collections and that the policy specifically referred to coin collections. I think it was reasonable for Acromas to decide Mr B was claiming for a coin collection. Because the coin collection wasn't specified on the policy, I'm also satisfied it was reasonable for Acromas to limit the claim settlement to £2,500 for the coins.

However, I'm aware Acromas initially offered £20,000 for the coin collection. It then withdrew this offer and reduced it to £2,500. An insurer is entitled to review a claim. When it did so, Acromas identified it had made an error. Had it not made that error, Acromas would have offered £2,500 for the coin collection. So, by changing the settlement to £2,500, Acromas put Mr B back in the position he would have been had it not made that error. I think that was reasonable.

But I also note that Acromas seems to have deducted the £100 excess from the policy limit. It's the normal position of this Service that the excess should be deducted from the full cost of the claim, not the policy limit. In Mr B's case, this means it should pay the full limit of £2,500 for the coin collection.

I've also looked at how Acromas dealt with the claim. From the records, I can see Acromas initially appointed a company to deal with the coin collection. However, this company was unable to value coins. So, another company was appointed, who had to instruct a specialist company. Information was obtained from Mr B and a visit took place. Another visit then took place with Mr B, but the replacement values couldn't be agreed. So, another visit was required. During this time, Mr B's representative chased a few times for updates.

About five months after the claim was first made, the settlement offer was made to Mr B. However, this was for the incorrect amount of £20,050, including the £50 for the boxes.

Acromas's records showed it had already been noted that the coins should be treated as a collection, which meant it should have known that the correct offer was £2,500 for the coins. However, it then took about another month, after some chasing from Mr B's representative to get the settlement been paid, for Acromas to explain that the correct settlement amount for the coins was £2,500.

So, I think there were avoidable delays. I think Mr B would have been caused distress and inconvenience because of this and because the settlement offer was later changed. I'm only able to award compensation to Mr B. His representative, who dealt with various aspects of the claim and complaint, wasn't named on the policy. So, I can't award her compensation. Acromas offered £500 compensation. Thinking about this, in my view that was fair in the circumstances to reflect the impact on Mr B because of how the claim was handled and the loss of expectation because of the reduced settlement offered. So, I think Acromas should pay this amount.

I'm aware Mr B rejected both the settlement offered and the compensation. So, I don't think Acromas needs to pay interest on these amounts.

My final decision

For the reasons I have given, it is my final decision that this complaint is upheld. I require Acromas Insurance Company Limited to:

- Settle the claim. It should pay the full £2,500 valuables policy limit and deduct the excess from the total value of the claim instead.
- Pay the £500 compensation it previously offered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 16 December 2024.

Louise O'Sullivan
Ombudsman