

The complaint

Miss B and Mr W have complained about the settlement of a claim under their removals insurance policy with AXA Versicherung Aktiengesellschaft.

What happened

Miss B and Mr W took out the cover with AXA for their goods being transported overseas. Some of the items were damaged in transit and so they made a claim under the policy. AXA accepted the claim but Miss B and Mr W are not happy with the amounts paid for some items. The items in dispute are as follows:

1. Six family photos in frames, which were damaged. Miss B and Mr W say they were insured for £300 each and wanted the cost of repair paid for them, which they'd been quoted as costing around £1,600. AXA offered £300 for all six pictures, as it says this was the value that Miss B and Mr W had put on these items when applying for the insurance.
2. Two identical storage units, which were damaged. Miss B and Mr W say they were insured for £100 each. AXA says three units were insured for a total of £100, so it paid two thirds of £100 (*i.e.* £66.66).
3. Three identical cube storage units, which were damaged, which had been insured for £200. AXA said the damage to these items was cosmetic only and offered £100.
4. China serving set. AXA says Miss B and Mr W had said the total value of kitchen china and glass they were transporting was £30, so AXA paid this amount.
5. An ornament, which AXA says was reported out of time but also was not listed on the insurance proposal, so AXA did not agree to pay anything for this.

After Miss B and Mr W complained, AXA agreed to pay an additional amount for the storage units (up to £80 from £66.66) and £200 being the insured value of the three cube storage units. However, Miss B and Mr W remain unhappy with the settlement provided. They therefore referred their complaint to us. They have made a number of points in support of their complaint. I have considered everything they have said and have summarised their main points below:

- the spreadsheet they were asked to complete with the values of their items they wanted to insure was not fit for purpose. The formulas changed the figures and it did not work smoothly.
- The removal firm told them the values they put down were not important as long as they had all the items listed.
- They would not have put £300 for all six frames, given their sentimental value.
- They could not have estimated the cost of repairing the kind of damage that happened to the photos.
- They made an error when completing the form and said there were three storage units but there were only two. This can be seen on the shipping inventory. So, they should receive the full £100 sum insured for these items.
- AXA also said they had to find replacement quotes for all the damaged items if they would not have been able to pay out the replacement cost. This was a time consuming task, which was a waste of their time.

- The policy was for approximately £10,000 which is more than sufficient to cover the loss in full.
- The way the policy is sold is very unfair. Like household insurance, they should be covered for the value of the total value of their items and not asked to list each item.
- They were advised to take out matching sets cover for items like the pictures and units but AXA says this is only really for things like sets of candlesticks so it is misleading and it is unclear how to calculate the value of sets of items.
- How can the customer estimate the value of replacing goods in another country, surely some consideration should be given to that?

One of our Investigators looked into the matter. He did not recommend the complaint be upheld, as he considered AXA had settled the claim fairly and in line with the policy cover.

Miss B and Mr W do not accept the investigator's assessment so the matter has been passed to me. They say aspects of their complaint have been overlooked, including that the removal firm sold the policy and advised them how to complete the form. They still consider it is unfair not to meet the full value of their items, especially as their claim is only for the same amount roughly as what the policy cost them in the first place.

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.

The policy Miss B and Mr W took out says that it will provide cover for the following:

“PROPERTY INSURED

Household Goods and Personal Effects, Antiques, Fine Arts, Automobiles, Boats, Motorcycles, Campers and Trailers as declared and valued on this and supporting documents. “

It says that this cover will be for the repair or replacement of each item, or the value of the item, on the following basis:

“REPAIR AND REPLACEMENT

The insurers may at their option repair or replace any property insured lost or damaged or make a payment to the equivalent value not exceeding the replacement value of the property insured.”

The total insurance was for around £10,000 but, for this type of insurance, the policyholder is required to specify each item or set of items they wish to be insured and provide a reasonable estimate of the replacement value of each item. And the policy term set out above confirms that either the item will be repaired or replaced, or a cash settlement made up to the replacement value provided by the policyholder. AXA also says the insurance premium charged was based on the values given in that form.

Miss B and Mr W say this is unfair and they should simply be insured up to the total insurance value of around £10,000. Having considered this carefully, I do not think it is inherently unfair and it is common with this type of insurance that the insurer will ask for an itemised list with values. I acknowledge it might be difficult to know precise valuations but a reasonable estimate is required.

The proposal form states “*declare below the replacement cost of your effects at destination...*”. It also says:

“Please note that if you do not insure your goods for their new replacement value, you will be under-insured. In the event of a claim for loss or damage, under insurance may result in the Insurer applying average when assessing a claim.”

I think this is sufficiently clear to inform Miss B and Mr W what was required.

Miss B and Mr W were required to enter the value of the items based on how much it would cost to replace them in the country of destination. So even though this might be difficult to assess, it does not mean that AXA is not entitled to rely on the values entered by them at proposal state.

Miss B and Mr W say they were verbally told by the remover that the values they placed on each item was not important. This is not reflected in any of the documentary evidence provided. It is also apparent that some care was taken in completing the form with values for the items listed, so even if they were told something along those lines by the removers (which is not proven) I do not think it would mean AXA is not entitled to rely on the figures entered in the proposal form by Miss B and Mr W.

Miss B and Mr W also say the spreadsheet they had to use to list their items was not fit for purpose. I acknowledge they may have had problems entering the information on the spreadsheet but I can see they were able to enter the details of the items they wanted to insure and enter values for them. I have not seen any evidence that the valuations or other details entered on the form were incorrect due to any technical difficulty in completing the form. And there was no annotation of the form or other communication from Miss B and Mr W at the time that any of the information on the form was not correct.

Given all of this, I think it is fair and reasonable that AXA be able to rely on the policy terms which state it is entitled to limit the payment for each item to the replacement value put on the item by Miss B and Mr W in the proposal form.

With regard to the pictures, Miss B and Mr W entered theses on the form as follows: “*pictures/paintings 6 £300*”. AXA therefore says the total insurance limit for the six pictures is £300.

In their claim form, Miss B and Mr W suggest that they intended that the photos were valued at £300 each (so a total of £1,800). I do not think this is a reasonable interpretation. I say this because I think it was reasonably clear that the value was for the total number of each item entered. I also note that Miss B and Mr W were provided with a guide on how to complete the proposal form, including where there were multiple items, which clearly states that the

total value of all the same items should be given if each item is worth the same. In addition, the total insurance for all their goods was set at £10,600. It does not seem reasonable to consider that the pictures were insured for almost a fifth of the total, given the other items that were listed.

Having considered everything carefully, I am therefore satisfied that AXA is only required to pay £300 for the pictures.

Miss B and Mr W also say that they were misled about the matching sets cover, as they have not been able to claim for what they feel are sets. In line with most other insurance policies that have 'matching sets' cover, this policy states that AXA will only pay for the damaged items in a matching set but will also pay a "*reasonable and fair reduction in value of the pair or set by reason of the loss or damage to the affected item or items having regard to the importance of the affected items within the pair or set*". For instance if one of a pair of earrings is lost and cannot be replaced, the other remaining earring will have lost more than just its intrinsic value, as it cannot be used on its own.

While Miss B and Mr W consider the pictures to be a matching set, I do not think any further payment is due under this provision, as they are still only insured for the maximum of £300 for the entire set.

With regard to the ornament, this was not listed in the insurance proposal. I am therefore satisfied that AXA was entitled to refuse cover for that.

Miss W and Mr B had listed kitchen china as being worth £30. AXA has paid the £30 and for the reasons set out above, I am satisfied this is the maximum it is obliged to pay.

With regard to the cube storage units, AXA has paid the total insured value of £200 for these, which is again the maximum it is required to pay.

Finally, with regard to the other storage units, AXA originally offered two thirds of the £100 insured value but after Miss B and Mr W complained it reviewed this having regard to the policy term about matching sets. Having done so, AXA did not agree that the value of one of the units would be more by virtue of the fact they matched other units (as they could be bought as standalone items) but as a gesture of goodwill increased the offer to £80 for the two damaged units. I do not think this is unreasonable. They are individual items, which do not have to be purchased as a set or a pair, it just happens that Miss B and Mr W bought more than one of them.

AXA did not agree to increase this any further when Miss W and Mr B said they had actually made a mistake when completing the proposal form and there were only two units, not three.

The inventory refers to four individual storage units (rather than five) being transported but it does not specify whether they were the cube units or other storage units. But in any event, AXA insured three units for a total of £100. Even if Miss B and Mr W made a mistake in saying there were three when it was only two, I do not think that was due to anything AXA did wrong. They asked for cover for a total of £100 for three units and have claimed for damage to two units. Overall, I think the payment of £80 for this is reasonable.

Having considered everything carefully, I do not consider I can reasonably ask AXA to make any further payment for this claim.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B and Mr W to accept or reject my decision before 6 February 2025.

Harriet McCarthy
Ombudsman