

The complaint

Mrs and Mr H complain about how AXA Insurance UK Plc handled and settled a claim they made under their household insurance policy following the loss of a diamond.

What happened

The background to this complaint and my initial conclusions were set out in my provisional decision dated 20 November 2024 – a copy of which is set out here. In my provisional decision I explained why I didn't intend to uphold Mrs and Mr H's complaint. I said:

"What happened

In July 2023 Mrs and Mr H took out a home insurance policy online. The policy is underwritten by AXA.

Mrs and Mr H added cover for a specified item within and away from their home as they wanted to cover a trilogy engagement ring under the policy. The engagement ring contained a large oval middle diamond with two smaller pear shaped diamonds either side. The ring had been purchased for £7,000 in 2005. However, Mrs and Mr H insured this ring for £10,000 under the policy.

On 23 March 2024, Mrs and Mr H notified AXA that one of the pear shaped diamonds from the trilogy ring was missing. They said the diamond had been present the previous day.

AXA asked Mrs and Mr H to post the ring to it. But Mrs and Mr H were reluctant to do so in case the ring was lost in transit. So, they asked AXA if they could take the ring to a local jeweller to which AXA agreed provided a cause of damage report was provided.

Mrs and Mr H took the ring to a local jeweller who provided them with an estimate setting out the cost of replacing the missing diamond and the repairs that were required to reinstate the structural integrity of the ring. They disclosed this report to AXA.

On receiving this report AXA informed Mrs and Mr H that the terms and conditions of their policy required the ring to be inspected by a qualified jeweller every 3 years. It said, in the absence of an inspection report dated within three years of the notification of the claim, it was unable to settle the claim in their favour.

Mrs and Mr H were unhappy about the reason AXA relied on to decline their claim. As they'd paid an additional fee to include cover for the engagement ring, they felt AXA ought to settle the claim. They also said AXA ought to have drawn their attention to the term it was seeking to rely on to repudiate the claim at the point of sale. They said they only became of the requirement for inspections every three years after the claim was declined. So, they felt it was unfair for AXA to rely on that term and thought it had mis-sold the additional cover they'd purchased.

AXA investigated Mrs and Mr H's concerns and explained it had provided them with policy documentation to show how a claim would be settled and the applicable policy exclusions

that would apply after the policy had been incepted. AXA thought it was Mrs and Mr H's responsibility to read the terms and conditions to ensure the policy was suitable to their needs. It therefore didn't uphold their complaint as it didn't think it had done anything wrong.

Being dissatisfied with AXA's response to their complaint Mrs and Mr H referred it to our service. Our investigator looked into what happened and initially didn't recommend upholding this complaint. They thought that the terms and conditions had been made available to Mrs and Mr H after the policy was purchased and they'd been clear about the requirement for inspections of high value items every three years.

After receiving our investigator's view of their complaint, Mrs and Mr H challenged it. They argued it was unfair for AXA to be able to rely on a term that was buried within the policy documentation and that wasn't notified to them before the policy was purchased. They said if they'd been aware, they'd have had the ring inspected at the required intervals. But AXA didn't agree. It said it had provided information about the policy terms in an appropriate manner.

Our investigator reconsidered the merits of the complaint and recommended upholding the complaint based on Mrs and Mr H's response to their initial view. They informed AXA it should settle the claim. But AXA disagreed and asked for this complaint to be referred to an ombudsman.

What I've provisionally 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 sorry to hear about the difficulties Mrs and Mr H experienced here. I recognise that the ring is of significant sentimental value and I know Mrs and Mr H feel very strongly about what happened. I appreciate the reasons they've brought this complaint to our service.

As I mentioned in the background to this complaint, our investigator's second view recommended that AXA should meet Mrs and Mr H's claim to replace the missing diamond and repair the ring. But, having thought very carefully about what Mrs and Mr H and AXA have said, I've reached different findings to our investigator's recommendation as to the fairest way to resolve this complaint. So, for that reason, I'm drafting a provisional decision which allows both parties the opportunity of providing any further responses they wish me to consider before I issue a final decision on this complaint.

Where the information I've got is incomplete, unclear or contradictory (as some of it is here) I must base my decision on the balance of probabilities. I'd like to thank Mrs and Mr H and AXA for the level of detail contained within their submissions. I've read and considered all the information provided. But if I haven't specifically referred to a point that Mrs and Mrs H or AXA have made it isn't because I've failed to take it on board and think about it. It's because my decision will focus on what I think are the key issues, which is an approach that reflects the informal nature of this service.

The crux of this complaint is whether AXA erred, or treated Mrs and Mr H unfairly, in how it handled and settled their claim – such that it needs to now put things right. And in thinking about whether AXA acted reasonably in dealing with Mrs and Mr H's claim I've carefully considered the evidence from both parties.

There's no dispute that a diamond was lost from Mrs H's trilogy engagement ring and that this ring was insured, at additional cost, to cover loss either inside or outside the home.

However, there's a dispute between Mrs and Mr H and AXA about the correct outcome of this claim.

It's clear from what Mrs and Mr H have told our service and AXA that they believe they were mis-sold the specified item cover they chose to purchase as an optional extra. I can see Mrs and Mr H listed the trilogy ring as a specified item under their policy. It's clear they wanted to ensure this item was insured while being worn outside their home.

Cover for contents away from the home is typically always a policy 'add-on' offered by insurers. Because it's an extension of cover it will attract an additional premium. That's because the risk the insurer is being asked to take on will have increased.

In this case Mrs and Mr H purchased their policy with AXA online. Mrs and Mr H have argued that AXA should have checked with them whether they'd had their ring inspected within three years before accepting payment for, and incepting, the policy. But our service wouldn't expect an insurer to make such enquiries in circumstances where a policy was purchased online.

The sale of Mrs and Mr H's policy was conducted on a non-advised basis. AXA didn't recommend the policy or provide Mrs and Mr H with any advice as to the suitability of the cover they were selecting. There was no interaction between Mrs and Mr H and AXA prior to the point of sale.

The fact that the sale was non-advised is crucial as this means AXA didn't need to make sure that the policy it sold was suitable for Mrs and Mr H's needs. But it had a responsibility to provide information that was clear, fair and not misleading so Mrs and Mr H could make an informed decision on whether the policy was suitable. The responsibility for ensuring they had the cover they required rested on Mrs and Mr H.

Like many insurers that advertise policies for sale online, AXA includes the full terms and conditions of its insurance policies on its website. A password isn't required to access these documents. So, future policyholders are able to read the relevant policy before they purchase and pay for it to check its suitability. I'm satisfied Mrs and Mr H were given that opportunity as part of the online sale process.

AXA has said that once a policyholder incepts a policy it emails them a welcome letter, which explains where the full policy wording can be found. I've seen a copy of the letter that was emailed to Mrs and Mr H, which includes a link to the policy documentation for ease of reference. I've checked the link provided and I'm satisfied the terms and conditions can be easily located and downloaded.

Mrs and Mr H have told our service they received their policy documentation from AXA after incepting the policy. So, I'm satisfied the appropriate documentation was set by AXA.

Like other insurers, AXA expects a policyholder to read the policy documentation it has sent a new policyholder. This is important because it enables a policyholder to make an informed decision about whether the policy they've purchased provides adequate cover. And this is why insurers offer a cooling off period – during which a policyholder can cancel their policy they've taken out without a financial penalty.

The responsibility for reading and understanding the policy terms and condition rests on the policyholder. However, AXA has a duty to provide information about the policy in a clear, coherent and not misleading manner. With that in mind, I've carefully considered whether information about how AXA would settle a claim for a high value specified item was set out in policy documentation in an unambiguous manner.

Page 5 of the policy contains an orange box of text headed "important notes". This section of the page states "all the details in this Policy Booklet are important, and we encourage you to read it in full. But in case you're skimming through, we've highlighted the bits that are most important".

One part of the policy that has been highlighted by AXA as important can be found at the top of page 68 of Mrs and Mr H's policy. Here, the terms have a section with an orange box in which an emboldened title in capital letters states "damage to jewellery or watches worth more than £5,000". This reader's attention is also drawn to this section of the policy by an orange caution sign.

On reading this part of the policy, AXA states "to make a successful claim, jewellery or watches individually worth more than £5,000 will need to have been inspected...by a Qualified Jeweller within three years of the claim being made".

Immediately underneath this text and within the same orange box, AXA provides an example of how the inspection requirement may impact on a policyholder if it isn't adhered to. The example provided is strikingly like the case of Mrs and Mr H and states:

"Sandy's diamond engagement ring was specified on her policy with a replacement value of £10,000. Unfortunately, the diamond later fell out was lost. Sandy made a claim for the ring on the basis that the claw must have been damaged, causing the diamond to fall out. But Sandy hadn't had the ring inspected for over five years, so it wasn't clear whether the claw had been damaged or whether it had simply experienced wear and tear. As the ring hadn't been inspected within the last three years, we had to decline the claim".

The wording of the policy is transparent in relation to the requirements on a policyholder to ensure that a high value item of jewellery is inspected every three years. I'm satisfied it's also very clear, from the example referred to above, that AXA advises policyholders that a claim may have to be declined if the inspection requirement is not adhered to.

If Mrs and Mr H had read the policy documentation AXA had sent them, I'm persuaded there could have been no doubt in their mind that the trilogy ring would only have been covered for loss or damage if it had been inspected every three years. If this wasn't something that they were able to ensure, they could then have exercised their right to cancel their policy without penalty during the cooling off period. And they could have taken out cover elsewhere that may not have contained such a stipulation.

I understand Mrs and Mr H didn't contact AXA, either within their cooling-off period or prior to reporting their claim, to request clarity over the additional obligations on a policyholder where high value jewellery items are concerned. And, as AXA provided clear information about this in its policy documentation, I can't fairly hold it responsible if Mrs and Mr H were unaware the engagement ring would have to be inspected every three years.

I appreciate Mrs and Mr H have been paying extra for cover away from their home for the ring. But there isn't any evidence to demonstrate that the ring has been inspected every three years. It isn't AXA's fault that it isn't able to settle this claim – it can only do so if the ring had been inspected as per the policy terms. So, I can't fairly find that AXA has unfairly declined the claim; it's in line with the policy terms which are clear. My provisional decision is that I'm minded to conclude that AXA has acted fairly in declining to settle Mrs and Mr H's claim. It follows that I'm not intending to uphold this complaint based on the evidence currently with our service."

In my provisional decision I invited both parties to respond with any additional information they wanted me to consider before I made my final decision, which is our service's last word on the matter.

Mrs and Mr H responded by explaining again that, at no point prior to purchasing their policy with AXA, were they made aware of the policy terms in relation to insuring high value jewellery items. They confirmed that they received an email from AXA after purchasing their policy which contained the terms and conditions.

Mrs and Mr H stated that, if they'd been informed up front about the specific condition within the policy relating to the engagement ring, that condition would have been unambiguous, clear and transparent. They argued that, because this condition wasn't drawn to their attention, AXA didn't meet its duty of care as *"it should have (within an unadvised journey) to inform of the conditions up front i.e., at the point of applying"*.

They stated that, with an unadvised online journey, AXA should have taken more care to point out any possible areas of ambiguity and that the requirement for a jewellery inspection every three years should have been communicated clearly before the policy was inceptioned. They thought the condition should have been set out within the application itself and that the failure to draw it to a potential policy holder's attention could cause other consumers to experience what had happened with Mrs and Mr H.

In response to the argument that the policy terms were available to view prior to the policy inception, Mrs and Mr H refuted that it would be reasonable to expect them to read the policy before finalising their purchase with AXA – particularly given the length of the policy booklet.

Finally, Mrs and Mr H provided screenshots from an AI copilot. They said they'd put three questions to copilot and provided the responses received.

Turning to AXA's response to my provisional decision, it explained, as it had done previously, that the full terms and conditions are available on its website and could have therefore been reviewed by Mrs and Mr H prior to the policy being purchased. It also reiterated that the policy documents had been emailed to Mrs and Mr H for their perusal and information and that they'd had 14 days to cancel their policy without penalty if they were unhappy with the terms.

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.

In my provisional decision, I explained that AXA had offered its policy to Mrs and Mr H on a non-advised basis and that this meant there was no interaction between the parties prior to the point of sale. Mrs and Mr H contend that AXA ought to have drawn their attention to the jewellery inspection clause in their policy, but our service wouldn't expect an insurer to do this during a non-advised sale process.

Within my provisional decision, I explained that AXA makes its policies available online to potential customers. Anyone considering whether to take out a policy with AXA can therefore see the policies it offers and the terms and conditions. And they can decide whether the policy is suitable for their needs before taking out a policy. I'm satisfied this is upfront and transparent conduct on the part of AXA.

Mrs and Mr H contend that it's not reasonable to expect them to read through the policy terms prior to taking out a policy. But I don't agree; they wanted to ensure that an expensive

engagement ring was insured and paid for additional cover for this purpose. So, I think it would have been reasonable for them to have reviewed the relevant part of the policy that dealt with this additional level of cover, either before taking out their policy or within 14 days afterwards to check whether they were satisfied with the terms that applied.

As I mentioned in my provisional decision, we'd expect an insurer to provide the policy to a policyholder in clear terms so they'd be able to make an informed decision regarding whether the policy was suitable.

I explained that I was persuaded Mrs and Mr H had been provided with the policy terms in a timely manner after incepting their policy. I was therefore satisfied they'd had the opportunity of perusing the policy terms and exercising their right to cancel the policy without penalty if they weren't happy with any of the conditions.

I set out the terms relating to the requirement to inspect high value jewellery items in my provisional decision. And I explained why I was satisfied that the wording of this condition was unambiguous. As mentioned previously, an example that was strikingly similar to what happened with Mrs and Mr H was included within the policy terms. So, I'm persuaded it was clear that a claim could be declined if Mrs and Mr H's ring hadn't been inspected as required.

As I mentioned in my provisional decision, the policy terms that are relevant to Mrs and Mr H's claim were set out by AXA in its policy in a way to draw their attention. This part of the policy is highlighted within an orange box of text. I'm not persuaded that AXA could have done anything further to draw the jewellery inspection term to Mrs and Mr H's attention after they purchased their policy.

I've taken into account the copilot screenshots that Mrs and Mr H have provided in response to my provisional decision and am grateful for these. But these screenshots haven't persuaded me to depart from my provisional findings. I remain satisfied that Mrs and Mr H ought to have read the policy terms. And I'm not persuaded AXA should have made them aware of the jewellery inspection term prior to the policy being taken out.

In providing clear information about its policy and the applicable terms and conditions, I'm satisfied AXA has acted in line with its responsibilities under the Consumer Duty here. It follows that it need take no further action.

I realise Mrs and Mr H will be disappointed with this decision. But they haven't presented any new arguments or evidence that persuade me that I should depart from my provisional decision. I remain persuaded that it would be unfair to direct AXA to settle this claim in Mrs and Mr H's favour.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr H to accept or reject my decision before 25 December 2024.

Julie Mitchell
Ombudsman