

The complaint

Mr M and Miss M complain about the settlement they received from Aviva Insurance Limited after they made a claim under their home insurance policy.

Mr M and Miss M are joint policyholders, but most of the communication regarding the claim and complaint has been from Miss M. So, I'll refer mainly to her in my decision.

Aviva is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of its agents. As Aviva has accepted it is accountable for the actions of the agents, in my decision, any reference to Aviva includes the actions of the agents.

What happened

In early 2022, Miss M and Mr M made a claim under their home insurance policy after their house was burgled. Part of their claim was for stolen jewellery which Aviva estimated to be worth much more than the policy limit for valuables.

Aviva told Miss M that it would issue a settlement for £12,000 for this part of the claim. This was because the policy limit for valuables was £10,000 and the personal belongings limit was £2,000.

Miss M was unhappy with Aviva's settlement offer. She felt Aviva should replace the jewellery on a like for like basis or pay its full value. So, she raised a complaint.

Aviva said Miss M had been issued with three policy schedules which confirmed the limits. It said it could only pay her £12,000 in respect of the stolen jewellery as this was correct per the policy limits.

Miss M said she had never received any paperwork for her home insurance because Aviva had always referred her to its app. But every time she tried to log in, she got a message telling her to call Aviva. She'd called Aviva a couple of times and was always told this would be fixed but it never was. So, every renewal she would call Aviva and would be told the high level insurance amounts over the phone. She said she was never told that the amount needed to be for the current value of the jewellery.

Miss M said when she first took out the policy, she was advised to move from a different Aviva policy because she wanted to have a different excess for her buildings and contents. When she bought the original policy the default cover for valuables was for £50,000 and the difference wasn't pointed out to her when she was advised to take the other policy.

Aviva said that when Miss M first took out the policy in December 2019 the difference in the valuables limit compared to the other policy was explained to her over the phone. It said it had posted all of the documentation to her at each renewal since the first one in December 2020. Whether or not the documents arrived in the post, it was satisfied Miss M had received a policy schedule detailing the cover limits.

Aviva said it sold its policies on a non-advised basis. It had confirmed over the phone that the valuables limit was £10,000 and it was Miss M's responsibility to decide whether or not this was sufficient or seek suitable cover.

Aviva acknowledged that Miss M had been unable to access her documents online and it had failed to correct the issue. It offered Miss M £100 to apologise for the frustration and inconvenience this had caused her.

Miss M remained unhappy and asked our service to consider the matter.

I issued a provisional decision on 8 November 2024, where I explained why I thought Aviva's offer to resolve the complaint was reasonable. 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.

Based on what I've seen so far, I think Aviva's offer to resolve the complaint was reasonable. I'll explain why.

The policy's terms and conditions say:

- "Your unspecified valuables sum insured (which is part of your overall contents sum insured) must be high enough to replace all your valuables which are worth less than the valuables single article limit.*
- Other valuables (those worth more than the single article limit) must be specified and insured for their full replacement value. The value of specified items doesn't need to be included in your contents sum insured as they are payable in addition."*

The contents section of the policy schedule says:

"In the event of a claim, your policy covers you for:

<i>Sum Insured up to</i>	<i>Unlimited</i>
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More specific limits apply which are shown below:

<i>Total valuables</i>	<i>£10,000</i>
<i>Valuables single article</i>	<i>£2,000..."</i>

A £2,000 limit for "Unspecified personal belongings" is also showing on the policy schedule.

When assessing Miss M's claim, Aviva estimated that some of the stolen jewellery was worth around £43,000. It didn't value the rest of the jewellery as what it had valued already significantly exceeded the policy limits. It offered Miss M a cash settlement of £12,000 which was the sum of the policy limit for the total valuables and unspecified personal belongings. So, I'm satisfied its offer was in line with the policy's terms and conditions.

Miss M says Aviva's settlement offer isn't fair because it didn't provide her with any policy documents prior to her making her claim. She says this meant she wasn't aware of how these policy limits applied.

Miss M says she didn't receive any documentation at all since she first took out the policy in 2019. She says she wasn't able to view the policy documentation online due to an issue with Aviva's online portal.

In its response to Miss M's complaint Aviva said it had sent documentation in the post. But Aviva has provided a screenshot showing the dispatch of documents. According to this,

policy documents were issued online only when the policy was first taken out in December 2019 and at the renewals in December 2020 and December 2021. So, based on what I've seen, I don't think it's likely that Miss M was sent any policy documents in the post prior to making her claim.

Aviva also said Miss M would have received the policy schedules even if she hadn't received the documents in the post. In its response to Miss M's complaint, it commented that she must have received the renewal pack in November 2020 because she phoned to say she was unhappy with the renewal premium quoted. But Miss M has provided a copy of the email she was sent at the 2020 renewal. This doesn't give much information aside from the premium. It says Miss M needed to log in to Aviva's portal to view her documents (including the schedule) with a link to the portal. And it's not disputed that Miss M wasn't able to access the documents via the portal.

I've listened to a recording of the call Miss M had with Aviva where she said she wanted to go ahead with the policy renewal in 2021. The adviser asked Miss M if she wanted the documents online only or online and by post. Miss M said she wanted the documents to be emailed to her. The adviser asked her if she wanted paper documents as well and Miss M said she just wanted them emailed to her.

Towards the end of the call, the adviser said he'd emailed the documents to her. Miss M said she hadn't received them yet but hopefully they would arrive. Although the adviser appears to have attempted to email the documents to her, I haven't seen evidence to show this was successful. And Miss M says she didn't receive these documents. So, based on what I've seen, I don't think Miss M is likely to have seen any of the policy schedules until after she made her claim.

This meant that the only information Miss M had was what she was told over the phone when she took out the initial policy and at renewal.

Aviva sold the policy to Miss M on a non-advised basis. This meant it didn't need to check whether or not it was suitable for her. However, it was required to provide information that was clear, fair and not misleading to allow Miss M to make an informed decision about whether the policy was right for her. This included prominently highlighting significant policy terms, such as key policy limits and what they represent. If Aviva did this, it would usually be fair for it to rely on the limits. But if it didn't, then I'd need to consider what impact this might have had on Miss M and whether it should pay anything further as a result.

I've listened to a recording of the call in which the policy was sold to Miss M in 2019. Miss M said she'd taken out a policy with Aviva the week before but had cancelled it as she'd decided to go with another provider. However, she'd changed her mind, so she wanted to reinstate the Aviva policy.

Miss M said she wanted to set different excesses for the buildings and contents cover. The adviser told her this wasn't possible with the initial policy she'd chosen. However, there was another policy that would allow her to do so. The adviser said there were some differences between the two policies. She said the valuables limit for the first policy was £50,000 but for the other one it was £10,000.

Miss M said she wanted to get the best value for money, and by the end of the call she'd decided to take the second policy (with the £10,000 valuables limit).

An insurer will usually ask certain questions to assess the risk they are covering at the point of sale. Aviva didn't ask Miss M any questions about the value of her valuables when it sold

her the policy over the phone in 2019 and I think it should have. While the valuables limit was briefly mentioned in the call, Aviva didn't make it clear what this meant. So, I don't think Aviva gave Miss M sufficient information about the policy limit to help her make an informed decision when she took out the policy in 2019.

However, there were two policy renewals between the initial sale and the claim. Miss M's claim was in February 2022, so what happened at the renewal in December 2021 is what is of relevance here.

Aviva had the same obligation to provide clear information to Miss M at renewal as it did during the initial sale. I've accepted that Miss M didn't see the renewal documents, so I've considered the information she was given over the telephone.

In the telephone conversation of December 2021, Miss M said she wasn't able to view her renewal documents on the online portal. After some discussion about the price and the adviser applying a discount, Miss M said she wanted to go ahead with the renewal. The adviser asked Miss M if she'd read through and understood her renewal documents. Miss M said she hadn't because of the issue with the portal. The adviser said he would give her a summary of the renewal. He then went on to read out the policy limits, which included telling her that she had "standard valuables of £10,000" and "personal belongings cover of £2,000."

Miss M queried what was meant by specified personal belongings and the adviser said it was personal belongings which were worth more than £2,000.

Miss M said that was fine and asked if "gold and everything" was covered within valuables.

The adviser said: "You have £10,000 cover for valuables, okay. So, that covers valuables which are worth £2,000 or less."

The conversation continued as follows:

Miss M: "Thanks. So, you mean the value of each individual item is £2,000 or less?"

Aviva: "So if you have any items which are worth over £2,000 as valuables or personal belongings they need to be specified."

Miss M: "Okay. So, let's say I had three items of gold totalling to £2,000 that would be covered, right? Individually they are not £2,000."

Aviva: "If they are less than £2,000 each then they can be covered under valuables if they are kept at home all the time."

Miss M: "They are kept at home all the time, yes and I have a cover for that right? Is that correct? It is covered under the £10,000 cover?"

Aviva: "Yes if they are worth less than £2,000 each and they are kept at home all the time. They are covered under the £10,000."

Miss M: "Okay I just needed to make sure. I'm happy with the renewal."

While Aviva didn't specifically ask Miss M to estimate the value of her valuables, I'm satisfied that it gave her clear information about the policy limits that applied to them. Miss M was told that as long as valuables were individually worth less than £2,000, they would be covered up to the £10,000 limit. So, I think Aviva did enough to make Miss M aware that she wouldn't be fully insured if her items were worth more than these limits.

Miss M says that although she was made aware of the policy limits over the phone, she wasn't made aware that this was based on the current value of the items. Miss M says it was her understanding that her cover was based on the purchase price because insurance policies generally require a policyholder to retain purchase receipts. She says that if she'd received a renewal pack from Aviva before the burglary, she would have realised that the policy was linked to the value of the property, rather than the purchase price. She says that if she had been aware of this, she would certainly have opted for an insurance policy with a higher limit.

I've carefully considered Miss M's comments, but I'm not persuaded by her argument here. I acknowledge her account, but I don't think this is consistent with a reasonable interpretation of how insurance works.

Insurers often require policyholders to retain receipts, particularly for valuable items. But this is to show proof of ownership in the event of a claim. An insurer may decide to replace an item with one that is like for like. But it would still ensure the total cost of the items it was replacing was within the policy limits. I'm not persuaded that there was anything unusual about how Aviva applied the policy limits compared to other insurers.

When Aviva told Miss M that the cover for valuables was £10,000, I don't think this could reasonably be interpreted to mean that this related to the purchase price of the items being insured, rather than their current value. The word "worth" was used several times in the telephone conversation of December 2021 and I think most people would reasonably understand this meant what the items were currently worth.

It wouldn't make sense for an insurer to base its cover on the purchase price of items regardless of when they were purchased and yet be willing to settle a claim based on their current value. It's not unusual for valuables to be gifted or passed down through generations, so there wouldn't always be a purchase price. Valuables such as jewellery tend to appreciate over time so this would mean insurers providing policies without any understanding of the risk they were covering.

Miss M has mentioned that some of the items claimed for were purchased by her mother when Miss M was growing up which suggests they were purchased quite some time ago, with the value likely to have increased significantly.

Miss M has commented that she's not an insurance expert. But I think most consumers would understand that a policy limit is the most an insurer would pay to settle a claim. Miss M has told us she was previously insured with Aviva and before that she held contents insurance with another provider. So, I think she ought reasonably to have understood the meaning of a policy limit.

While I think Aviva should have done more to ensure Miss M was provided with the policy documents, I'm satisfied that it made her sufficiently aware of the valuables limit over the phone. It was Miss M's responsibility to ensure that the cover was sufficient to indemnify her for her loss in the event of a claim. The value of the stolen valuables was significantly higher than the policy limit and I think Miss M should reasonably have been aware of this. So, I'm not persuaded that Aviva is responsible for Miss M being underinsured.

According to Aviva's notes, Miss M said she did not imagine in her "wildest dreams" that she would have to claim when she was asked why she was underinsured. Miss M made a similar comment in a telephone conversation with our investigator. So, I think it's likely that Miss M hadn't given too much thought as to whether or not the cover for valuables was sufficient as she wasn't expecting her home to be burgled.

I don't doubt that the burglary and dealing with the claim has been a very distressing experience for Miss M and her family. Miss M says all of her mother's sentimental valuables that she saved up to buy have been lost. I can appreciate how upsetting it is for Miss M to not be paid the settlement she was hoping for. But, while I empathise with her, I don't think it would be fair to hold Aviva responsible for Miss M having inadequate cover for the jewellery. Under the circumstances, I think Aviva's decision to settle the claim up to the policy's limits was fair and reasonable.

Aviva has acknowledged that there was a problem with the portal which it failed to correct despite Miss M making it aware of the issue. In its final response letter of 8 June 2023, Aviva said it believed the restriction in accessing the documents online had been resolved, but Miss M says it wasn't. But to be clear, I haven't considered anything that's happened after the date of Aviva's final response as this would go beyond the scope of the complaint that I'm deciding.

Miss M says she called Aviva a couple of times about the issue with the portal and each time she was told it would be fixed. It was no doubt frustrating to be told that the issue would be rectified only to find that it wasn't. And I think it would have been helpful if Aviva had issued the policy documents to Miss M by another method. But I understand from what Miss M has said that this wasn't something she was constantly chasing, as she mainly thought about it at policy renewal time.

From what I can see, Miss M rejected the £100 Aviva offered in its response to her complaint. But I think this amount reasonably recognises the frustration and inconvenience Miss M experienced as a result of this issue. So, I think it would be fair for Aviva to pay this if Miss M wishes to accept it now."

I set out what I intended to direct Aviva to do to put things right. And I gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

Responses

Aviva said it accepted my findings and would await confirmation from Miss M and Mr M that they accept my findings.

Miss M said she didn't believe I'd dealt with her case appropriately. She made a number of comments about why she disagreed with the outcome I'd reached.

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 her response to my provisional decision Miss M said: *"The Ombudsman has stated that looking at Aviva's provision of the policy document is outside the scope of this complaint. This is the key issue here – as a result of the key policy documents not being provided to me by Aviva, I did not have knowledge of the policy limits."*

To be clear, I didn't say the provision of the policy documents was outside the scope of the complaint. In my provisional decision, I said:

"Aviva has acknowledged that there was a problem with the portal which it failed to correct despite Miss M making it aware of the issue. In its final response letter of 8 June 2023, Aviva said it believed the restriction in accessing the documents online had been resolved, but

Miss M says it wasn't. But to be clear, I haven't considered anything that's happened after the date of Aviva's final response as this would go beyond the scope of the complaint that I'm deciding."

While I wasn't able to consider Miss M's concerns about not having access to the portal after 8 June 2023, I did consider the impact of her not receiving policy documents prior to her making her claim.

I accepted that Miss M hadn't received the policy documents and went on to consider what the impact of this was on her. In my provisional decision I said:

"Aviva had the same obligation to provide clear information to Miss M at renewal as it did during the initial sale. I've accepted that Miss M didn't see the renewal documents, so I've considered the information she was given over the telephone."

Having considered what was said in the phone call in December 2021, I reached the conclusion that Miss M was given clear information about the policy limit for valuables.

Miss M has commented that if Aviva had informed her that the policy limits applied to current value, rather than simply saying it was based on value, then she is certain she would have understood this. She says it is not reasonable to say that because the Aviva adviser mentioned the £10k applied to value that this discharged Aviva's duty of acting in a way that was fair, clear and not misleading.

I appreciate Miss M feels that the information Aviva provided about the policy limits over the telephone wasn't clear enough because the adviser didn't say it was the "*current value*". But I'm not persuaded by Miss M's argument that she didn't understand the limit applied to the current value. I think a reasonable person would have understood this related to the current value, rather than the purchase price.

I also appreciate that Miss M doesn't feel I should have placed importance on her "*throwaway*" comments that she did not imagine she would have actually had to claim. While I thought this was worth mentioning, it wasn't the main reason I reached the conclusion I did.

Miss M has also commented that she had not had any additional contents cover. She had always had buildings and contents cover together. She queried where I'd got the information that she'd had additional contents cover from.

In my provisional decision I said:

"Miss M has told us she was previously insured with Aviva and before that she held contents insurance with another provider."

I was simply referring to what Miss M had said about previously having contents cover. I didn't say this was additional contents cover. It isn't relevant if the contents cover was combined with buildings cover.

I understand my outcome will be disappointing for Miss M. But I need to be fair to both parties. While Aviva is responsible for Miss M not receiving her policy documents, I'm satisfied it gave her information that was clear, fair and not misleading about the valuables limit at the December 2021 renewal. So, I'm not persuaded Aviva is responsible for Miss M being underinsured when she made her claim in 2022. And I think its decision to settle the claim up to the policy limits was fair and reasonable.

Putting things right

Aviva should pay Miss M £100 for distress and inconvenience.

My final decision

Aviva Insurance Limited has already made an offer to pay £100 to settle the complaint and I think this offer is fair in all the circumstances.

So, Aviva Insurance Limited should pay Miss M £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Miss M to accept or reject my decision before 1 January 2025.

Anne Muscroft
Ombudsman