

The complaint

Mr L & Miss M complain about the amount AXA Insurance UK plc ("AXA") valued a bicycle for when it was stolen. When I mention AXA I also mean the claims handling companies and investigators.

What happened

Although the policy is held in joint names, it's Mr L's bike that was stolen. As he's been the primary point of contact during the claim and complaint, for ease I'm mainly going to refer to him.

Mr L & Miss M had a home insurance policy with AXA covering their contents.

In May 2024, some of their bikes were stolen from a storage unit along with some other bike components. They contacted AXA and made a claim.

AXA initially declined the claim. Mr L pointed out he was only claiming for one bike, which he said was valued under £1,500. He said two other bikes were insured elsewhere. He provided a valuation of the bike he was claiming for, which was an advert from the USA, priced at \$1,000. AXA calculated the bike's value at £781.55, less his excess of £350.

Mr L wasn't happy about this value and he complained. He provided adverts showing the bike had a new price of £1,999, but was available from one online site at £1,499, which was under the £1,500 limit in the policy.

AXA said the bike should have been specified on the policy.

As Mr L remained unhappy, he brought his complaint to this service. He asks that AXA settle his claim.

Our investigator looked into it and thought it would be upheld. He thought AXA should settle Mr L's claim in line with the remaining policy terms as he'd shown the bike was worth £1,499. He also thought interest should be added at 8% simple, and it should pay them £150 for their distress and inconvenience. He also thought the other components stolen should be treated as 'accessories' and be subject to a £100 policy limit.

Mr L & Miss M agreed with the view, but AXA didn't. It asked that this complaint was reviewed by an ombudsman, so it's been passed to me to make a final decision.

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'm upholding Mr L & Miss M's claim. I'll explain why as my reasoning is slightly different to our investigator's.

I can see from the file that the cover for Mr L's bike was included as follows on the policy

schedule:

“BIKES, GADGETS AND HIGH RISK ITEMS:

Our Contents cover (Section 2) includes cover within the Home for:

- *Bikes worth less than £1,500 individually”*

The word “worth” is also defined in the policy wording as:

“The cost to replace item(s) of Contents as new”

When Mr L made his claim, it was initially declined. I can see he was then told that he’d need to supply it with some evidence about the bike’s value, including:

“A link to a replacement bike valued at less than £1,500. (£1,500 limit applies to full price and not a sale price)”

I’ve thought about this carefully.

The wording of the definition of ‘worth’ seems to show that it refers to the replacement cost as new – so if Mr L is able to replace the bike with a new one at the price of £1,499 then I think it’s fair I say that this is the amount that should be covered under the policy. I can see from the file that Mr L apparently bought the bike for £1,999, and it was an identical bike he found for sale and provided evidence for.

If AXA wanted to say that the £1,500 limit definitively applied to, say, the RRP of the bike, then I think it could reasonably have done so in its wording. It doesn’t seem to have done this in the wording I have.

If follows that I think it’s fair I say that I don’t think AXA can reasonably say that the £1,500 limit only applies to the ‘full’ price of the bike (taking ‘full’ from the request for evidence shown above) rather than a price for a new bike that seems to have been available when Mr L researched it online.

So, I think AXA now needs to settle Mr L’s claim in line with the remaining policy terms at the bike value he reasonably supplied. Interest at 8% simple should be added to the settlement amount, from the date Mr L provided the evidence of value to the date AXA make this payment.

I’ve also looked at the other items stolen from Mr L, which included a set of wheels. Our investigator said he thought the wheels should be considered as an ‘accessory’ and be subject to the policy limit of £100. Mr L agreed with this, and because of his agreement, I think this is a fair way to treat that part of his claim.

I’ve also thought about the service Mr L’s had from AXA during his claim and I can see he’s suffered some distress and inconvenience caused by AXA’s service. Having consulted this service’s guidelines on compensation, I think the appropriate amount is £150, and I can see Mr L has also accepted this.

My final decision

It’s my final decision that I uphold this complaint. I direct AXA Insurance UK plc to:

- Settle the claim for the theft of the bike in line with the remaining terms and

conditions of the policy, at a bike value of £1,499. Interest at 8% simple should be added to the settlement amount from the date Mr L provided the evidence of value, to the date AXA pays the settlement. If AXA Insurance UK plc considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr L and Miss M how much it's taken off. It should also give them a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

- Pay Mr L and Miss M £150 compensation.

AXA Insurance UK plc must pay the amount within 28 days of the date on which we tell it Mr L and Miss M accept my final decision. If it pays later than this, it must also pay interest on the amount from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L and Miss M to accept or reject my decision before 11 February 2025.

Richard Sowden
Ombudsman