

The complaint

Mr H and Miss J are unhappy that Admiral Insurance (Gibraltar) Limited (“Admiral”) settled their accidental damage claim for less than the value specified in their policy.

Mr H and Miss J had buildings and contents insurance underwritten by Admiral. For ease of reading, I’ll refer only to Mr H throughout my decision.

What happened

The background to this complaint is well-known to both parties, so I’ve summarised what I think are the key events.

Mr H claimed under his contents policy for his broken television (TV). Admiral accepted the claim and offered a replacement. Mr H asked for a cash settlement, so Admiral offered the amount it would’ve cost it to replace the TV. Mr H didn’t think its offer was fair because he’d specified the TV’s value at £1,500 when he bought the policy in March 2024. Admiral offered around £500 as a cash settlement. Mr H was unhappy with the offer, so he complained to Admiral.

Admiral said the settlement it offered was in line with the policy terms and conditions and it didn’t uphold Mr H’s complaint. However, due to some short delays, Admiral offered Mr H a total of £50 compensation.

Mr H remained unhappy with Admiral’s response, so he brought his complaint to this service.

Mr H raised a second complaint with Admiral about the information provided when he bought the policy. Although Admiral hadn’t had an opportunity to issue a final response, it agreed to investigate the complaint. It said, if Mr H was unhappy with its response, it would consent to our investigation of the new complaint as part of the first complaint.

Second complaint

Mr H complained to Admiral that key terms had not been brought to his attention when he bought the policy online, which he later found out would’ve been highlighted if he’d bought the policy over the phone. Specifically, Mr H said Admiral should’ve told him it wouldn’t cover the amount he’d paid for the TV, and that any settlement would be limited to the current value.

Admiral issued a final response to Mr H’s complaint. It said he bought the policy online and he specified the TV’s value as the price he had paid for it originally. Admiral said the TV had been discontinued in 2019 and it would’ve depreciated in value. So it didn’t think it was unreasonable to settle the claim at the current value in line with the policy, rather than Mr H’s declaration that the TV was valued at £1,500.

Mr H didn’t agree. He said Admiral should’ve made sure he was aware of the key terms when buying the policy online, just as it would’ve done had he bought the policy over the phone. Admiral responded to say that the policy documents set out the details and Mr H

would've had 14 days to cancel if he decided the policy didn't suit his needs.

As Mr H remained unhappy with Admiral's response, he brought this complaint to us.

One of our investigators first tried to resolve Mr H's complaint informally. Prior to investigation, she told Mr H that Admiral's offer to settle the claim in line with the policy, along with £50 compensation for short delays, appeared reasonable. However, Mr H didn't agree so he asked for a full investigation.

Our investigator looked into the complaint but, based on the evidence, she didn't think it was one we should uphold. Our investigator considered the policy documents and she thought Admiral's offer was in line with the terms and conditions. She said that by offering to replace the TV with a similar model, Admiral would've indemnified Mr H. As Mr H rejected a replacement, Admiral was entitled to pay a cash settlement equal to the cost to it to replace the TV.

Our investigator looked into Mr H's complaint about the information given when he bought the policy, but she didn't think Admiral had done anything wrong. She said Admiral sold the policy based on the details Mr H provided online, and it was Mr H's responsibility to ensure that the information was correct and that the policy met his needs. Overall, our investigator thought Admiral had made a reasonable offer to pay £50 compensation and she didn't think it needed to do any more.

Mr H didn't agree, and he repeated his complaints about the key terms and Admiral's settlement offer. He wanted Admiral to pay £1,500 for his TV.

Because Mr H didn't agree, the complaint was passed to me decide.

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've decided not to uphold Mr H's complaint. I realise this is not the outcome he'd hoped for, but I'll explain the reasons for my decision.

Settlement

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably.

The policy sets out the detail of the contract between Mr H and Admiral. Admiral accepted the claim, so I've looked at the policy terms and conditions to decide whether its settlement was reasonable.

The policy states:

Claims

We will decide to either:

- *repair the item*
- *restore the item (for example, use professional cleaners for carpets)*
- *pay the cost of repairing the item*
- *replace the item as new, or*
- *pay in cash or vouchers up to the amount we could repair, restore or replace the item for.*

Admiral offered a replacement TV. Having looked at what it offered, I'm satisfied it was a similar TV to that which had been damaged and, therefore, a reasonable replacement in line with the policy.

Mr H declined the replacement, so Admiral agreed to his request for a cash settlement. If Admiral hadn't offered a repair or replacement, I would've expected it to pay a cash settlement equal to the cost to Mr H to buy an equivalent replacement. However, as Mr H rejected the replacement, Admiral was entitled to pay only what it would've cost it to replace the TV – *"pay in cash or vouchers up to the amount we could repair, restore or replace the item for"*.

So, looking at the policy alone, I'm satisfied that Admiral made a reasonable settlement offer.

I've considered the overall circumstances, but there's nothing in the evidence to suggest that Admiral's offer was unfair, or that it should've done more on this occasion. I note that the replacement TV is still available to Mr H should he prefer to accept that, although he would first need to return any claim settlement payment Admiral has made to him, and pay the policy excess.

Overall, I'm satisfied that Admiral settled the claim in line with the policy terms and conditions, and that it was fair and reasonable in the circumstances.

Second complaint – key terms

Mr H complained that Admiral didn't make him aware that his TV wouldn't be covered for the price he paid for it. He said if he'd bought the policy over the phone, Admiral would've told him this and the same level of service should've been available to him online.

Mr H bought the policy online and it was a non-advised sale. The regulator expects the information provided by an insurer to be clear, fair and not misleading, so that consumers can make informed choices. So I've thought about Mr H's circumstances to decide whether Admiral should've done more.

I'd expect any key terms to be displayed prominently during the online purchase. For example, Admiral would've needed to make the policy limits clear. As Mr H chose to specify his TV because it exceeded the single unspecified item limit, I'm satisfied that he had sufficient information to make an informed choice about individual items and policy limits.

If there were any terms which required Mr H to take action for cover to be available, I'd expect Admiral to make that sufficiently clear during the purchase. For example, if Mr H had valuables and the policy required them to be stored in a safe, that would be something Admiral would've needed to bring to his attention.

I understand that Mr H thinks if he'd bought the policy over the phone, he'd have been told that he might not get the full value of his TV. I can't say whether or not that would've been the case, but more likely than not Admiral would've discussed proof of purchase, or similar. But Mr H chose to buy the policy online and it was his responsibility to make sure the details he entered were correct, and that the policy met his needs.

Turning to the policy documents, the wording clearly states that Mr H should check the value of specified items. He included his TV because the price he'd paid for it exceeded the unspecified items limit. But that wasn't the value of the TV. He'd bought the TV some years earlier, and it'd been discontinued five years before he bought the policy. It was Mr H's responsibility to make an accurate declaration of the value of his specified items, and I don't consider it reasonable to value a TV at the original purchase price from around five years before.

The policy sets out the limit of liability, which means the maximum Admiral will pay for a claim. The specified items section states the cover would be "*to the full value*". I don't think this implies Mr H would've been guaranteed to receive the full amount he paid for his TV. It simply means he would've been covered for the full *current* value of the TV. And I'm satisfied that's what Admiral offered in settlement of the claim.

Based on the evidence, I'm not persuaded that Admiral failed to provide key terms in respect of the TV or the policy limits, and it was Mr H's responsibility to ensure he declared the correct value.

Overall, I'm satisfied that Admiral offered to settle Mr H's claim in line with the policy terms and conditions, and I haven't identified any evidence to support Mr H's complaint that Admiral failed to bring to his attention key terms. Had Mr H recorded the correct value of his TV, the outcome of his claim would've been the same, so I can't see that he's lost out financially. And he hasn't provided any evidence that he paid more for his policy because he listed the TV as a specified item.

Admiral offered £50 compensation for some delays and service shortfalls. While it's not something I would've required in the circumstances, I think Admiral's offer is fair and reasonable. I see no reason to ask Admiral to do any more in respect of Mr H's complaint.

My final decision

For the reasons I've given, my final decision is that I don't uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 21 February 2025.

Debra Vaughan
Ombudsman