

The complaint

Mr and Mrs J complain that Hiscox Insurance Company Limited (“HIC”) paid less than the value of their personal possessions when they claimed under their contents insurance following the theft of items specified in their policy.

The policy was in joint names but, for ease of reading, I’ll refer only to Mr J throughout.

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 J claimed under the policy after his watch and ring were stolen. Both items were specified in the policy schedule for £28,350 and £1,277, respectively. HIC accepted the claim and offered Mr J £1,299.35 for his ring, which included an index-linked uplift. For the watch, HIC offered him the option of a newer model replacement, an unworn second-hand watch of the same model, or a cash settlement of £28,846.13.

Mr J didn’t think HIC’s offer was fair. He said the policy provided for more than the offer for his ring and he didn’t think the cash settlement for the watch would allow him to purchase a like-for-like replacement. Mr J complained to HIC about its claim validation process, the settlement offer, and its claim handling delays.

HIC issued a final response to Mr J’s complaint. It agreed that it hadn’t made a fair offer for the ring because the cover available to him was greater under the general contents section rather than under the specified items section. HIC increased the cash settlement for the ring to a total of £2,400, which included 8% interest for the period the settlement was outstanding. In addition, HIC paid £100 compensation for its initial oversight.

However, HIC said its offer for the watch was fair because Mr J hadn’t provided evidence of a professional valuation that would warrant an increased payment under the policy. In respect of the validation process and delay Mr J complained about, HIC thought it had handled the claim promptly and its questions regarding the watch were reasonable in the circumstances. It didn’t uphold these aspects of complaint.

When Mr J brought his complaint to us, our investigator thought that HIC had made a fair offer, for the reasons it gave, and in line with the policy. She didn’t uphold Mr J’s complaint.

Mr J didn’t agree, and he asked for an ombudsman’s 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’ve decided not to uphold Mr J’s complaint for broadly the same reasons as our investigator.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. My role is to look at the evidence and decide whether, on balance, HIC handled Mr J's claim in line with the policy and fairly and reasonably in the circumstances. The policy sets out the detail of the contract between Mr J and HIC, and I've had regard to the relevant terms and conditions when reaching my decision.

Based on the evidence available, I understand that the claim for the ring was settled correctly after Mr J brought the mistake to HIC's attention. I'm satisfied HIC's amended settlement is in line with the policy because it reflects the replacement value of the ring and includes the index-linked uplift set out in the policy documents. I also think HIC's compensation offer of £100 for the initial mistake is fair and reasonable. I won't consider the merits of this part of Mr J's complaint further.

The outstanding issues of complaint are the cash settlement for the watch and the claim handling process.

Watch

Mr J's watch was specified on his policy schedule with cover for £28,350 plus index-linking. The policy stated:

How much we will pay

Your schedule will show you the maximum amount we will pay for each agreed claim, along with any limits for any item, pair or set. This amount will be shown as an amount insured.

The policy also included a bespoke clause (98) which added to the "How much we will pay" section and stated:

Extended replacement costs for contents

If you have had a valuation carried out on your contents within the last three years, which has been approved by us and the amount insured reflects this valuation, we agree to cover those contents on an increased value basis.

This means we will cover the full cost of replacing or repairing any damage, even if it is more than the amount insured. We will only do this if you tell us about any additions since the valuation was carried out and you amend the amount insured to reflect this.

The most we will pay is an additional 25% of the amount insured in total for each incident of loss.

Based on the policy wording, I'm satisfied that HIC could reasonably expect to settle the claim up to the amount stated in the policy schedule, *unless* Mr J had provided evidence of a professional valuation during the term. A valuation wasn't a requirement for cover up to the sum insured shown on the schedule, so there would've been no obligation on HIC to draw Mr J's attention to the clause which provided for additional cover.

Mr J hasn't provided evidence of a professional valuation. I've noted the research he's done into the value of the watch and the legitimacy of the retailers. I understand this is important to him. But HIC had no obligation to offer anything more than it did, which was the cover stated on the schedule plus an index-linked uplift.

Simply put, the evidence shows that HIC cash settled the claim for the amount insured under the policy.

Claims process

There are two parts to this element of complaint – delays and the validation process – which I believe are linked. Mr J reported the theft of his watch on 6 March 2024. He had a number of watches insured with HIC and to begin with he reported the theft of the wrong watch. There were further mistakes with the watch details and it wasn't until 18 March that Mr J provided HIC with the correct description and serial number. I can't hold HIC responsible for this delay.

Given the mistakes, the high value of the watch, and previous claims history, understandably HIC needed to validate the claim. The policy allows it to do this and it would've contributed to the claim delay. Again, I can't hold HIC responsible for unavoidable delays while it validated the claim. I realise that the validation process would've seemed distrustful to Mr J, and he reported feeling as though he was being treated as a criminal. But I haven't seen any evidence to suggest that HIC asked anything unreasonable in the circumstances.

In summary, there'd been some confusion about which of Mr J's watches had been stolen. So, I think it was reasonable that HIC carried out a thorough review to ensure the claim was for the correct watch. The evidence persuades me that HIC settled the claim without significant avoidable delay, in line with the policy amount insured, and fairly and reasonably in the circumstances. Therefore, I'm satisfied that there's nothing for HIC to put right here.

My final decision

For the reasons given, my final decision is that I don't uphold Mr and Mrs J's complaint about Hiscox Insurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J and Mr J to accept or reject my decision before 30 April 2025.

Debra Vaughan
Ombudsman