

The complaint

Miss C and Mr L complain that Lloyds Bank General Insurance Limited (“Lloyds”) has unfairly handled a claim made under their home insurance policy.

Any reference to Miss C, Mr L or Lloyds includes respective agents or representatives. But as Mr L has led the complaint with our Service I’ll largely refer to just him.

What happened

The background of this complaint is well known between the parties so I’ll just provide a summary of events here.

- Mr L made a claim on his home insurance policy for a necklace which was insured for £6,500. The necklace was lost following attendance of a sporting event. Mr L describes he had specified this item on his policy when he first took cover out some five years prior and £6,500 had been its market value at the time.
- Lloyds assessed the claim and a jewellery specialist on behalf of Lloyds said the necklace had a value of around £25,000. As a result, Lloyds refused to pay above the £6,500 that the item was insured for as it said he was underinsured.
- Mr L says Lloyds never specifically highlighted to him that he would need to have any specified items revalued, which unfairly led to his settlement not allowing him to obtain a like-for-like replacement. He also said he’d identified a replacement for around £9,000.
- On 23 April 2025 Lloyds sent its final response letter. Lloyds said it would pay £200 in compensation for poor service and communication during the life of the claim, but it stood by its position to cash settle to the sum of £6,500 for a specified item under the policy. Lloyds said it was a policyholder’s responsibility to ensure the valuation for specified items was accurate – and so it’d settled the claim to the value the necklace was specified for. It also applied its excess before the limit – effectively meaning it was waived.
- Mr L brought his complaint to this Service. He reiterated his concerns, and said Lloyds position would require him to send weekly valuations due to the fluctuation in gold prices over time. And he assumed by describing the necklace, its weight, and purity, that Lloyds ought to have factored in its estimated value at renewal. He also made reference to his policy providing new for old cover so it isn’t fair for Lloyds to take this approach. And he said his contents cover overall provides cover up to £16,500.
- One of our Investigators looked at the complaint and didn’t uphold it, saying:
 - The policy was sold by a different party, so her assessment was limited to only the actions of the underwriter – Lloyds.
 - Lloyds had acted fairly in saying the responsibility of ensuring an item’s value was accurate fell to the policyholder at renewal. And she wouldn’t expect an insurer to do this even if a description was provided.

- We wouldn't expect a policyholder to provide weekly valuations, but simply ensure the valuation was accurate at the time of renewal – which this wasn't.
- The £16,500 cover limit Mr L had referenced didn't include specified items (like his necklace). So, it was fair for Lloyds to apply the limit it did.
- She was persuaded the £200 Lloyds provided for delays and poor communication was fair.
- Mr L disagreed, providing a response that said:
 - Lloyds needed to provide clear and fair information. And, given its knowledge of the necklace based on Mr L's description, Lloyds should hold the expertise to assess this value. And he said a generic "*check your details*" clause buried within a renewal pack was not fair to rely on. And its standard renewal process was unfit for purpose by not prompting consumers to independently track commodity markets. And Lloyds had unfairly taken a "*one size fits all*" approach to gold.
 - Mr L had acted in good faith by asking for £9,000 based on his own replacement value instead of asking for the £25,000 Lloyds had identified. And this was not a fair and reasonable outcome.
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- The Investigator explained this hadn't changed her mind and that it wasn't fair to expect Lloyds to assess the value of items, and that it doesn't offer this service. In line with industry practice, she was satisfied customers needed to provide the value for specified items and valuables.

As Mr L disagreed, the matter has been passed to me for an Ombudsman's 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.

In this case there's no dispute that the claim itself is covered under the policy. So, in light of the concerns raised the key issues I have to consider in this case is whether Lloyds has acted in line with its policy terms when settling the claim, and whether this was fair and reasonable in the circumstances. And I have to determine if Lloyds' compensatory sum of £200 is reflective of any failures in handling and communication during the life of the claim.

I'll start by looking at the terms of Mr L's policy. This policy provides various types of cover (called insured perils) that includes standard contents cover within his home. Evidently Mr L's claim was outside of his home – so the standard contents cover wouldn't apply to a claim of this nature where the item was lost outside the home.

Mr L also holds accidental loss or damage for household goods. This does provide cover while temporarily away from the home – but it specifies this section doesn't include money, valuables and personal belongings and has a maximum limit of £6,000. The policy specifies that "*valuables*" includes jewellery. So, it's clear to me this section wouldn't apply either.

Mr L also took cover entitled "*Accidental loss or damage anywhere in the world for valuables, personal belongings and money*". This section specifies the maximum item that could be claimed for would be £1,500. So, for various reasons, including this single item limit and that Mr L's necklace was a specified item (see below), I wouldn't think this peril would be

the appropriate one for Lloyds to consider the claim under.

Lloyds has considered Mr L's claim under the section entitled "*Accidental loss or damage anywhere in the world for specified valuables, personal belongings and money*". This section is similar to the one above, but includes cover for specified items and says it will cover "*Items specified in the **Statement of Insurance** up to their **insured value**.*"

Insured value is defined in the policy as:

*"The amount shown in the **Statement of Insurance** as the most **we** will pay for any number of claims arising from the same event."*

It strikes me the wording of the policy is clear that the value input on the statement of insurance will be the maximum paid for any insured item.

Mr L did specify his necklace, and his statement of insurance reflects this, underneath the section described above it says: "*198G 26INCH LARGE BE £6,500.*"

As a result, I'm satisfied Lloyds' decision to pay the maximum amount specified under the statement of insurance for that item appears in line with the terms.

Mr L has made reference to the wider policy limit for contents – but as I've outlined above, his claim was considered under the correct section of his policy. So, I don't think policy limits he's mentioned for other areas of the cover are relevant here as he's suggested.

Mr L has indicated that the renewal wording or process of Lloyds is unfit for purpose as it doesn't specify that policyholders would need to consider this point about a specified item's value. Lloyds didn't sell this policy – and a separate complaint about the broker has been set up. So, I'll leave any concerns about the sale and renewal of this policy to that separate complaint as Lloyds wasn't responsible for the questions asked.

Mr L suggested that the fluctuating nature of gold prices would make an accurate estimate impractical as it would require weekly updates.

Mr L has said he assumed Lloyds would've known the value of his item based on his description. He may have assumed this, but I've seen nothing to suggest Lloyds has reasonably given him this impression. And in the particular circumstances it seems unclear to me if Lloyds did offer this service, why it would still ask the policyholder to provide a value themselves.

Mr L has also indicated that even if Lloyds doesn't offer this valuation service, its position and power in the market should mean this is something it *should* consider in claims like this. But I'm not here to make commercial decisions for Lloyds. Lloyds is under no obligation to check the information it receives (whether from consumer or broker) - it's entitled to take it at face value and sell/renew the policy on that basis. And in these circumstances, I'm not persuaded that it would be fair or reasonable to direct Lloyds to pay more than Mr L's policy requires.

Mr L has made reference to it being unfair to expect consumers to track commodity rates on an ongoing basis. But as our Investigator has explained – Lloyds' request (in line with the insurance industry) is asking for the details at renewal, not on a weekly basis. So, if there had been fluctuations across the policy year – I'd be unlikely to consider it fair for an insurer to hold this against a policyholder if they'd provided a reasonable valuation at the latest renewal.

There's been some disagreement about the extent of the underinsurance in this case – with Lloyds' indicating the necklace was worth around £25,000 and Mr L saying he could obtain a replacement for £9,000. In light of the above considerations, I don't think either figure has any bearing on the outcome of this complaint as in either situation Mr L was considerably underinsured.

Lloyds has recognised failings within its claims handling, and having reviewed this carefully I would agree the claim appeared to have taken longer than it should've. In the circumstances I'm satisfied the £200 compensation it has paid is fair and reflective of this impact.

My final decision

For all of the above reasons I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C and Mr L to accept or reject my decision before 29 October 2025.

Jack Baldry
Ombudsman