

## The complaint

Mr M and Mrs P complain that AXA Insurance UK Plc (“AXA”) has unfairly handled a claim made under their home insurance policy.

Any reference to Mr M, Mrs P or AXA includes respective agents or representatives.

## What happened

The background of this complaint is well known to all of the relevant parties so I’ve summarised the events below.

- In February 2025 Mr M and Mrs P suffered a burglary at their home and various items were stolen, including jewellery.
- AXA accepted a claim under the policy. During validation it determined that Mr M and Mrs P had previously misrepresented their circumstances when taking out the policy. AXA said they had failed to disclose a previous claim they’d made, and if it had known of this, it would’ve charged them a higher premium.
- AXA assessed the stolen jewellery and determined that five items exceeded the £1,500 single-item limit so it wouldn’t make any payments towards them. AXA said the accepted jewellery was worth £11,735.88 and it would settle for this amount in the form of a voucher for its supplier, or it would offer a cash settlement of £7,480.51.
- Mr M and Mrs P complained to AXA, raising concerns about its handling and communication during the claim, AXA’s rejection of jewellery items, and its settlement which they felt was unfair.

The complaint came to this Service and one of our Investigators looked into what happened. She upheld the complaint, saying:

- *Misrepresentation:* AXA had asked a clear question about claims made by the household across the previous five years and it’d been answered incorrectly both at inception (2023) and renewal (2024) as Mr M and Mrs P had two claims from 2023 they’d failed to declare. AXA charged £509.41 for the policy, but if it known of the claims history this would’ve been £654.64. So, it said it would reduce the settlement of the claim to 78% of the total value in line with this difference in premiums. The Investigator was satisfied this was fair and in line with the law.
- *Cash settlement:* It wouldn’t be fair in these particular circumstances for AXA to insist on providing a voucher, nor providing a reduced cash settlement reflective of its commercial supplier savings. So, AXA must provide them with a cash settlement in line with the policy limits. Alongside this it must pay 8% simple interest from the date of the interim payment until settlement.
- *High-value items:* The Investigator was satisfied that AXA was able to fairly decline any items worth over £1,500 if not specified.
- *Claims handling:* AXA could’ve done more to manage expectations on timeframes and steps that would be required. So, she told AXA to pay £200 in compensation.

AXA agreed to this. But Mr M and Mrs P didn't. They said the wording of the policy reflected that only items that cost £1,500 or more needed to be specified at the inception of the policy. The items in question had cost less than £1,500 when they purchased them and the policy didn't require retrospective revaluation. So, they were being penalised for inflation and matters outside of their control.

This didn't change the Investigator's position, so the complaint 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.

Having done so, I'm upholding this complaint. I'll explain why.

Certain complaint points previously raised (including the topic of cash settlement and the misrepresentation related to previous claims) have fallen away during the life of the complaint, and in light of AXA's agreement with our Investigator's previous assessment. So, I'll focus this decision on the key points still in dispute.

#### *Misrepresentation*

As this matter no longer appears to be in dispute, I won't go into detail on this topic. But suffice to say I am satisfied that AXA's actions were in line with the Consumer Insurance Disclosure and Representations (CIDRA) Act 2012.

I'm satisfied AXA asked a clear question related to Mr M and Mrs P's claims history and they didn't answer this reasonably, and AXA would've charged them additional premiums had it known of these claims. And in turn, CIDRA allows for AXA to reduce the settlement proportionately based on this difference in premiums – and this is what it has done.

#### *Cash settlement*

There was previously a dispute over AXA's decision to provide a voucher or credit equivalent with its jewellery supplier. AXA has since agreed to provide a cash settlement without any reduction to account for the discount it receives with its supplier, so I don't need to consider this point any further.

#### *High-value items*

In this case there's a number of items that AXA has declined as it has said they are worth above £1,500 and they weren't declared. I've seen nothing to suggest there's any dispute on the value placed on the items, so the matter I need to consider is whether AXA has fairly applied its terms in this case.

So, I'll start by looking at the terms, Mr M and Mrs P's policy says:

*“High Risks Items worth less than £1,500 individually (or as part of a collection), are collectively covered inside the Home up to £5,000 or 20% of the Contents sum insured (whichever's lower). If this is not enough cover then you should specify your High Risk Items regardless of their value.”*

Similar terms are quoted elsewhere in the policy, and under the heading “Not Covered” it states:

*“Any of the following items, with a replacement value of £1,500 or more, as these are Specified Items:*

- *High Risk Items (either individually or as part of a collection)...*”

For any avoidance of doubt, the definition of “*High Risk Items*” includes “*jewellery*”.

So, it seems clear to me that the policy requires any items worth £1,500 or more to be specified or cover will not be provided. And from what I’ve seen, Mr M and Mrs P did specify one item, a ring for £10,000. But not these other items that AXA has declined – and these other items are each worth above £1,500 – so on its face, it appears AXA has acted in line with its terms.

Mr M and Mrs P have said that there was no requirement for them to revalue items or expecting them to do this would be unfair when they had no control over inflation or rising costs. They’ve also suggested that it would be unfair for AXA to rely on the item’s valuation at the point of loss instead of the time it was purchased.

Within the renewal Mr M and Mrs P agreed to in 2024, under the section that listed their specified item (the ring mentioned above) it said:

*“Remember to check the sum insured will cover the cost of replacing your specified items. You may wish to consider getting a valuation for valuable items or jewellery to check you’ve got enough cover. If you value your contents lower than their total actual value, you may not receive the full replacement amount if you make a claim. If you need to update your specified item value, get in touch to adjust your policy.”*

Alongside the policy wording I quoted above, I think AXA has been clear to Mr M and Mrs P that the responsibility of valuing their items sits with them – and the consequences if the value was insufficient. I’ve seen nothing to suggest that AXA would be relying on the purchase price of the item as opposed to its current value, and this type of approach would lead to perverse outcomes for policyholders claiming for jewellery bought long ago.

I disagree with Mr M and Mrs P’s suggestion that this was outside of their control, and I say this as AXA clearly stated their responsibilities and made them reasonably aware of the steps they could take to ensure they were fully insured. I don’t hold AXA accountable for Mr M and Mrs P’s decision to not have the items revalued or ensure their items were adequately insured – particularly given they’d bought the items some time ago. For these reasons I won’t direct AXA to act outside of its policy terms and I’m satisfied its decline in this area is fair and reasonable.

### *Handling*

AXA has accepted to pay £200 in compensation for claims handling issues. Having reviewed the history of what’s happened I would be satisfied AXA could’ve improved its handling in places, including around expectation management. But I’m satisfied the sum it has agreed to pay is sufficient to compensate Mr M and Mrs P for the impact of this and any other handling issues within the life of this claim.

### **My final decision**

For the above reasons, I uphold this complaint and direct AXA Insurance UK Plc to:

- Pay £200 in compensation.
- Increase the cash settlement to the jewellery items accepted without applying any

supplier discount.

- Add interest at 8% simple interest on any additional cash settlement payable from the date of the interim payment until settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs P to accept or reject my decision before 13 March 2026.

Jack Baldry  
**Ombudsman**