

The complaint

Mr G complains that Zurich Insurance PLC (Zurich) hasn't settled his home insurance claim in full. He's also unhappy with the service he received during the claim.

What happened

Mr G had buildings and contents insurance underwritten by Zurich. Mr G's home was broken into, damage was caused, and a number of items were stolen. Mr G made a claim to Zurich.

The claim was accepted by Zurich, and the buildings damage was covered. The contents claim was also accepted, and Zurich settled the claim for the stolen cash, TV and designer bags. During the theft, jewellery was also stolen. Zurich accepted the claim for the jewellery items, but applied a policy limit of £2,000 per item, so the jewellery claim wasn't settled in full.

Mr G complained to Zurich about the settlement, and about the service he received. He also asked for reimbursement of costs he incurred in increasing security at his property.

Zurich responded to Mr G's complaint. They said the single item limit was clearly outlined in the policy documents, so they maintained the claim settlement was correct. They also didn't agree to reimburse the enhanced security costs. However, Zurich recognised there had been delays in the claim and claim handling failures and offered £300 compensation.

As Mr G remained unhappy, he approached the Financial Ombudsman Service.

One of our investigators looked into things and upheld the complaint in part. He said that whilst he could understand why Mr G took steps to increase the security at his home, the policy didn't cover this. He also thought Zurich's offer of £300 compensation for delays and claim handling issues was reasonable.

However, the investigator didn't think that Zurich had acted fairly by applying the £2,000 individual item limit to the jewellery claim. This is because he didn't think the limit was clearly communicated to Mr G in the policy documents, and he didn't think Mr G would have been aware of this. So, the investigator said Zurich should reconsider the claim for the valuables, without applying the £2,000 individual item limit.

Zurich didn't agree, they said the individual item limit was in the policy documents. They also provided call recordings from when the policy was taken out, and they said the individual item limit wasn't discussed as Mr G didn't require personal possessions cover.

Our investigator's view remained the same and as an agreement couldn't be reached the case was passed to me to decide.

I was minded to reach broadly the same outcome as our investigator, but there were some additional reasons. I also intended on making a slightly different direction. Therefore, I issued a provisional decision to give both parties an opportunity to comment on my initial findings before I reached my final decision.

What I've provisionally decided – and why

In my provisional decision, I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I've reached broadly the same outcome as our investigator, but there are some additional reasons for doing so. I'm also intending on making a slightly different direction to our investigator's recommendations. So, I'm issuing a provisional decision to give both parties an opportunity to comment on my initial findings before I reach my final decision.

Security improvement costs

Following the break in, Mr G increased the security at his home. This included the installation of floodlights with associated labour costs, and a consultation with a home security expert. This cost around £4,600. Mr G has asked Zurich to reimburse this.

I'm not minded to direct Zurich to do so. This is because the policy doesn't cover improvements to the security, instead it is there to put Mr G back into the position he was in prior to the loss.

Although I recognise Mr G has said the improvements were, in part, necessary due to the wait for replacement glazing and his property wasn't secure in the interim, but this isn't something I can hold Zurich responsible for as the timescale was due to the manufacturer of the replacement glazing. I also note that Zurich agreed to pay the higher of two glazing quotes (around an additional £3,500), on the basis that this was the quickest option for repairs to be able to be completed.

So, unless anything changes as a result of the responses to my provisional decision, I won't be directing Zurich to reimburse the costs Mr G incurred in improving the security at his home after the theft.

Valuables policy limits

During the burglary, cash, a TV, designer bags and jewellery was stolen. The cash, TV and designer bags part of the claim has been settled by Zurich and isn't in dispute.

Mr G remains unhappy that Zurich hasn't settled the jewellery claim in full. This is because Zurich has applied a limit of £2,000 per item. There were three items stolen, all valued above this and as a result, Mr G says (based on the value at the time of the loss) the shortfall in settlement for the three items is around £11,500.

Zurich say that although the policy provides cover of £100,000 for total contents, valuables had its own limits within that – and a further limit of £2,000 per item. Mr G says he wasn't made aware of this, and his understanding was that valuables were covered up to £30,000 of his £100,000 policy cover without any other limits.

I've looked at the policy documents, and I agree with our investigator these were unclear. I can see why Mr G was of the understanding his valuables were covered, with the only limit being £30,000 of his £100,000 cover. This is because Mr G's Insurance Product Information Document (IPID) outlines:

"Section Two – Contents

Standard Covers: (up to the Contents Sum insured unless stated otherwise)

....

- Valuables within Contents up to £30,000 or 50% of the sum insured whichever the lesser."*

Zurich has more recently sent this service an IPID, which also says as above. But immediately below this, it also says:

"✓ Single item limit for Valuables with Contents is £2,000."

However, Mr G's IPID doesn't have this additional single item limit outlined in it. Instead, it simply includes what I've outlined above - the £30,000/50% limit. So, I can see from Mr G's IPID why he was unaware there was a further £2,000 individual item limit within this and instead was of the understanding he had cover for valuables up to a total of £30,000.

In addition to this, Mr G's policy schedule and statement of fact documents also don't include any reference to the £2,000 single item limit. Instead, they simply say the contents sum insured is £100,000. So, neither Mr G's IPID, schedule or statement of fact make reference to the individual item limit of £2,000.

The only reference to the £2,000 individual limit is in the 46-page full policy terms and conditions. And it is only in this document once, under the definition of contents, and makes no reference to it elsewhere:

"Contents - Household goods and personal property, within the Home, which are Your property or which You are legally responsible for.

Contents includes:

...

- **Valuables** up to £30,000 or 50% of the sum insured for Contents, whichever is the lesser within the private dwelling (subject to a single article limit of £2,000)"*

Given how restrictive the limit of £2,000 per item is to the policy cover, I'd expect this to have been clearly communicated to Mr G and prominently displayed within the documents provided to him. However, it is only in the full policy terms, and there is no reference to it elsewhere within Mr G's documents, so I don't think it was clearly communicated to him. Consequently, I don't think it is fair or reasonable for Zurich to apply the single item limit of £2,000 to Mr G's claim.

Therefore, unless anything changes as a result of the responses to my provisional decision, I'll be directing Zurich to reconsider the claim for valuables, in line with the remaining terms, without applying the single item limit.

I acknowledge that Mr G has recently said that since the claim was made the price of Gold has increased, so he says the values of the stolen items would've too which also means the settlement should be higher than it otherwise would've been. However, as I say, unless anything changes, I'll be directing Zurich to reconsider the claim for valuables, in line with the remaining terms, without applying the single item limit. If after doing so, Mr G is unhappy with whatever settlement is offered by Zurich for his valuables, he'd be free to raise a new complaint about that, subject to our usual rules and timescales.

I'll also add here that after our investigator recommended the complaint be upheld, Zurich provided call recordings from when the policy was taken out (via a broker). They said that during these calls, Mr G declined cover for personal possessions as he said he had cover elsewhere. So, Zurich said on this basis they didn't discuss policy limits as Mr G didn't require personal possessions cover.

However, I don't think this is relevant here. This is because the items were stolen from within the home, so any discussion around personal possessions cover (cover away from the home) has no relevance to this claim. And in the calls, there was no reference to the £2,000 individual item limit within the home either, and instead only reference made to the total contents sum insured of £100,000.

So regardless of Mr G not needing cover away from home, he still wasn't made aware of the within home single item limit either, or asked if he had any items over that amount that he needed cover for. Therefore, alongside not being clearly communicated or prominently highlighted in the policy documents, this also wasn't mentioned when the policy was taken out either. So, these call recordings don't change my view of things.

Service received

Zurich recognised that there were delays and claim handling failures during the claim and offered £300 compensation for this. I don't think that's unreasonable for those.

However, for the reasons outlined above, I don't think Zurich has acted fairly by applying the £2,000 policy limit and reducing Mr G's claim settlement, which has caused him distress and worry about facing a potential significant financial loss following the theft. And Mr G has had to come all the way through this service in order to have his claim fairly considered, without the limit being applied.

Unless anything changes as a result of the responses to my provisional decision, I'm minded to direct Zurich to pay Mr G a further £200 compensation (in addition to the £300 already offered) for the distress and inconvenience caused."

So, I was minded to uphold the complaint in part and to direct Zurich to:

- Reconsider the claim for valuables, in line with the remaining terms, without applying the single item limit
- Pay Mr G a total of £500 compensation (including the £300 already offered)

The responses to my provisional decision

Mr G responded and said he was happy with the provisional decision. He also reiterated the price of gold had increased since the claim was made originally, and that Zurich should take this into account.

Zurich responded and said they also accepted the provisional 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.

And I've thought carefully about the provisional decision I reached. As neither party has provided anything in response to my provisional decision that would lead me to reach a different conclusion, my final decision remains the same as my provisional decision, and for the same reasons.

I note that in response to the provisional decision that Mr G has reiterated that the price of gold has increased since the claim was first made. I'm directing Zurich to reconsider the claim for valuables, in line with the remaining terms, without applying the single item limit (along with paying a total of £500 compensation including the £300 already offered). As I outlined already in my provisional decision, if Mr G is unhappy with whatever settlement is offered by Zurich for his valuables, he'd be free to raise a new complaint about that, subject to our usual rules and timescales.

My final decision

It's my final decision that I uphold this complaint in part and direct Zurich Insurance PLC to:

- Reconsider the claim for valuables, in line with the remaining terms, without applying the single item limit
- Pay Mr G a total of £500 compensation (including the £300 already offered)

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 27 February 2026.

Callum Milne
Ombudsman