

The complaint

Mr J complains that Admiral Insurance (Gibraltar) Limited (“Admiral”) has unfairly settled a contents claim related to a stolen watch under his home insurance policy.

Any reference to Mr J or Admiral includes respective agents or representatives.

What happened

The background of this complaint is well known between the parties, so I’ve provided a summary of events here.

- Mr J held his home insurance with Admiral. The contents part of the policy included a ‘specified item’ – a watch with a value listed as £21,900. The watch had an aftermarket bezel fitted with diamonds set within it. Mr J has said he selected this value based on a January 2024 valuation from Company A.
- Following the loss of the watch, Admiral accepted a claim and valued the watch at £26,400. But it said it would not pay more than the amount specified in the schedule – £21,900 (minus the excess). Around this time, it said it would also pay £2,000 for the bezel (which was reflective of the £2,000 non-specified item limit). But then Admiral retracted this offer in late October 2025. It said as the diamonds were set into the watch itself, the specified limit of £21,900 should apply.
- Mr J complained, saying his policy provided “new-for-old” cover so Admiral shouldn’t limit his settlement to the sum insured. And he raised concerns about Admiral’s transparency and communication during the claim – saying it had failed to disclose its own valuation of the watch. He asked Admiral to pay an additional £4,500 alongside interest and compensation for the delay.
- On 17 November 2025 and 27 November 2025 Admiral provided two separate final response letters. Within these it said:
 - It had been wrong to consider the watch and the diamond bezel as a single item – so it would cover them as two items and pay the total settlement of £21,900 plus £2,000 single item limit for the bezel (less excess of £300) - a settlement of £23,600. It had caused a delay in handling the claim and awarded £200 in compensation and a further £231.74 (representing 8% interest on the delayed settlement payment of £23,600).
 - It should’ve told Mr J that it had valued the watch for more than it was insured for. It would pay £50 compensation for the distress and inconvenience caused. But it would limit the settlement to the sum set out in the schedule, and it did not automatically increase valuations each year with inflation. It said the responsibility to ensure the value was accurate was with the policyholder.
- Our investigator looked at what happened and didn’t uphold the complaint, saying:
 - The policy terms and renewal documentation were clear the most it would pay was the sum set out in the schedule. And the terms clearly set out the responsibility sat with Mr J to ensure the sum insured was sufficient for the item in question. So, Admiral’s settlement was fair.

- Admiral's decision to class the bezel as a separate item was fair and its settlement of £2,000 was in line with the policy limit for unspecified items.
- Admiral's compensation of £250 and interest payment for the delay in settlement was fair in the circumstances.
- Mr J disagreed, reiterating his concerns and adding:
 - He'd relied upon expert opinion when setting up the policy in 2023. Admiral had failed to prompt him to review or update his valuation at renewal. And its decision to make a discretionary payment on the bezel showed it could exceed the insured sum where appropriate.
 - His policy provided "new for old" cover. The term relied upon by Admiral may be unfair. And Admiral may have caused foreseeable harm in regards to his underinsurance. And he referred to various legislation and regulatory rules.
- The investigator looked again but didn't change his mind. He said the renewal documentation and policy book clearly set out the requirement to ensure the sum was sufficient. And Admiral wasn't responsible for the opinion of Company A.

As Mr J 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.

Having done so, I'm not upholding this complaint. I'll explain why.

Admiral's settlement

The starting point in this case is the policy terms. Mr J hasn't disputed that he specifically used the sum of £21,900 based on his valuation from Company A.

Under the heading "*High-risk items*" the policy says:

"Any high-risk item or collection valued at more than the 'Unspecified item limit' must be shown on your Home Policy Schedule as a specified item. We will not pay more than the 'Unspecified item limit' for any single high-risk item or collection not shown on your Home Policy Schedule. Please contact us if you need to add a specified item to your Home Policy Schedule."

These terms are clear that the maximum amount Admiral will pay for a specified item is the sum shown in the policy schedule.

So, I've looked at the policy schedule. The only specified item on the policy is the watch at a value of £21,900. And underneath this it states:

"...Any value shown here is the maximum amount that we will pay for a claim. Please ensure that you check the value of each specified item as we do not automatically increase it in line with inflation."

From these terms its clear to me that Mr J had insured the watch for £21,900, and that was the maximum Admiral would pay for a claim regarding the watch. In addition, I think the schedule clearly sets out that Admiral did not take responsibility for the valuation nor increased the sum in line with inflation.

So, for these reasons, I'm satisfied that Admiral's settlement of the schedule limit of £21,900 is in line with the policy terms and fair and reasonable.

Company A's valuation

Mr J has provided a valuation from January 2024 for the watch. This details the item and the valuer concludes a sum of £21,900. I've also been given evidence from September 2025 that shows that Admiral's valuation specialist considered the watch to be valued at £26,400.

Mr J has put forward that he relied upon the valuation from Company A, and essentially that he's entered into this contract with Admiral in good faith. It is worth noting here that Admiral hasn't disputed this.

In instances where an insurer believes a policyholder has chosen to underinsure themselves or hasn't taken reasonable care to avoid making a misrepresentation – the law allows insurers certain remedies, which could lead to a reduced settlement or avoidance of the policy in certain instances.

But as described, Admiral hasn't suggested that Mr J had acted unreasonably by relying on the figure he obtained from Company A and it hasn't tried to reduce the settlement as a result of underinsurance. Instead, Admiral has limited the settlement to the sum insured.

Mr J has suggested that his reliance on Company A's valuation has led to him receiving a reduced settlement. And he hasn't disputed that Admiral's higher valuation of £26,400 was more accurate than Company A's. So, it strikes me that if Mr J believes Company A's valuation was inaccurate, he should take this up with Company A. And this wouldn't be the fault of Admiral.

Mr J has indicated that Admiral failed to take appropriate steps to ensure he was not underinsured. But as I've outlined above, the schedule clearly set out that the responsibility to ensure an accurate figure lay with Mr J – and that the sum insured didn't rise with inflation.

Even if I agreed with Mr J – which I don't – I'm not satisfied this would've changed anything anyway. I say that as Mr J did follow the instruction of Admiral in obtaining a professional valuation – it just happens that the valuation he's relied upon doesn't match with Admiral's.

Mr J has also suggested that the policy offers "new for old" cover and Admiral gave the overall impression that an insurance settlement should provide the full "new" cost of any item. I don't agree with his view on this – and I think the policy and schedule wording is clear that the policy has limits – and would not exceed the sum insured.

Mr J has put forward that there is a degree of manoeuvre as Admiral previously changed its position on the bezel. Admiral explained that it believed the bezel should be considered as a separate item to the watch and provided a settlement in line with the policy limits for this (£2,000). So, I'm satisfied this was a decision about the item rather than a sign of flexibility within the terms. Simply this means Admiral didn't agree to pay £2,000 over the insured sum for the watch, it had instead agreed to pay £2,000 for the bezel as it considered this a separate item and that sum was the respective limit for a non-specified item.

But even if this was an illustration of Admiral making a commercial decision to try to resolve a matter – it isn't for this Service to suggest ex gratia and commercial decisions on behalf of an insurer. Our role is to assess whether it has settled the claim fairly and in line with the terms. And I'm satisfied Admiral has done that in this case.

Mr J has asked me to consider whether the overall outcome of the claim aligns with the

reasonable expectations of the policy set for him by Admiral, and whether it has treated him fairly as a policyholder and not apply a strict interpretation of policy terms. Having reviewed everything, I'm satisfied Admiral has acted in line with the relevant laws, rules and regulations, and the policy terms. And I haven't seen anything to make me think it would fair and reasonable to depart from this within this case.

Handling

Admiral has acknowledged it could've handled the claim better, both in its speed and its communication regarding its own valuation.

Given Admiral's admissions, there's little for me to comment beyond saying I agree it could've handled the claim better than it did. It has made an award of £250 and awarded 8% interest on the settlement for the period of the delay. So, I need to consider whether that's sufficient in the circumstances.

Mr J has focused on Admiral not being transparent during the life of the claim about its own valuation. While I realise this may have been frustrating to him, ultimately, I don't think it was material to the outcome of the claim in any way given my above conclusions. And I think its 8% simple interest on the settlement acknowledges the delay in a way that is in keeping with the approach of this Service.

So overall, I think Admiral's compensation and remedy for the mistakes it has made are appropriate and fair and reasonable in the circumstances. As a result, I'm not directing it to do anything further.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 29 April 2026.

Jack Baldry
Ombudsman