

complaint

Mrs D has complained about Millennium Insurance Company Limited's settlement of her theft claim made on her home insurance policy. She is also dissatisfied with how long the claim took to reach settlement.

background

Mrs D suffered a burglary at her home and made a claim to Millennium; she reported damage to her property as well as stolen jewellery, designer clothing, perfume, money and other general contents items. Millennium accepted the claim but having considered it, it did not feel that all of the buildings damage had been caused during the theft. It also said none of the jewellery was covered because it had not been kept in a safe as required by the policy. Finally, the settlements it did make were restricted for various reasons and did not equal that claimed for by Mrs D.

Our adjudicator considered the complaint and felt it should be upheld. However, there had been some elements of the claim that our adjudicator felt Millennium had concluded fairly and reasonably. She communicated her view on the complaint to both parties. Following her involvement Millennium agreed to reconsider much of the claim. However, it said it was not inclined to make any compensation payment to Mrs D as suggested by the adjudicator. It also asked for clarification of a comment the adjudicator had made in respect to the underinsurance it had identified but chosen to do nothing about.

Overall, Mrs D said she would agree to the adjudicator's findings, including Millennium reconsidering certain aspects of her claim, as the matter needed finalising. She said she felt though that she should not be put to any further inconvenience in respect of this, such as obtaining quotes.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

This complaint has multiple facets to it and so, to avoid repetition and confusion, I have not detailed all of these in the brief background given above. Rather I will look at each in my findings below; for ease, using the same headings as the adjudicator. It is also worth mentioning here though that the adjudicator suggested that interest be added to any payment now made by Millennium and it objected. It is not necessary to detail its reasons for objection here; suffice to say this service often awards interest and Millennium's objection to paying it does not make me think it should not fairly and reasonably be awarded here.

jewellery

Millennium said it would not pay anything for Mrs D's stolen jewellery because the policy requires it to be kept in a safe. The policy does require this and both parties accept this was not done. Mrs D says she did not know about the policy requirement.

As the policy clearly states that jewellery is not covered unless it is kept in a safe (when not being worn) then I cannot fairly and reasonably order Millennium to ignore the fact that this requirement was not adhered to. It may well be that Mrs D did not know about this term but the policy was sold to her through a broker and, as such, any concerns Mrs D has in this

respect must be addressed to it. I find that Millennium's refusal to settle Mrs D's claim for stolen jewellery was fair and reasonable.

cellar floor

Mrs D reported that newly laid screed in the cellar was damaged by the thieves dropping boxes and heavy items onto the floor. Millennium has said it does not believe the floor could have been damaged in this way and it is more likely that it has cracked because it was not laid correctly.

It is not disputed that an untidy search of Mrs D's home was conducted by the thieves. However, I find it unlikely that concrete screed would crack merely because some items are dropped on it. I find the possibility suggested by Millennium (that it was laid incorrectly) to be more likely. Furthermore, I have seen no expert consideration to suggest the floor was laid correctly or that it would be susceptible to impact damage. I find that Millennium's refusal to settle this part of Mrs D's claim was fair and reasonable.

electrical items, tools and box

Millennium offered a settlement price in respect of these objects but did not price each one. The price was less than that claimed for by Mrs D. Millennium said that, over time, the same specification of electrical goods cost less to purchase. It also said it was not reasonable to expect it to set a price for each item claimed for – this was not practical and it was accepted practice within the industry to offer an amount that, in the assessor's judgement, would likely be sufficient to allow the items to be replaced.

Millennium may choose to not price each item it offers settlement for but that is certainly not what I would deem to be standard industry practice. Furthermore, it does not allow its policyholder, or me, to determine that the settlement offered is fair because in order to be able to know if a like-for-like item can be obtained for a given price, that price first has to be made known. If this is not made known then it has not been shown that the settlement is fair and reasonable.

For clarity, I note there was some uncertainty about whether Millennium's current offer of settlement included payment for two laptop computers. Millennium's revised settlement should do and, given my comments, the price attributed to each should be clearly stated. Consequently, because Millennium has not shown that it made a fair and reasonable settlement to Mrs D in respect of these items, it is only fair that it now goes and makes a reconsidered offer in this respect and in light of the comments I have made above. For any amount now due to Mrs D, interest will have to be added.

clothing items, perfumes, handbags and accessories

There were several issues with this area but Millennium has agreed to reconsider the settlement it had offered in respect of perfumes, handbags and accessories. Interest will need to be added to any payment now due to Mrs D.

In respect of clothing; the settlement for this had been limited by Millennium. However, having checked the policy I accept that it allows for a reduction in line with depreciation of garments. As such, I cannot say that Millennium's actions in this respect were unfair or unreasonable.

money

Initially it seemed that Mrs D may have sent some bank statements to Millennium to evidence that she had withdrawn cash from her account. She said this cash (circa £1,500) had then been stolen during the break-in. Millennium accepted that some money had been stolen and offered £300 in settlement. It later explained to this service that no proof had ever been sent to it.

I am satisfied that £300 settlement in this respect is fair and reasonable. Without some evidence being provided to suggest that more money was most likely in the house at the time of the burglary it would not be fair or reasonable for me to make Millennium pay anything more.

miscellaneous items

At the time of the theft, Mrs D was renovating her home and some items were stolen while waiting for installation; a radiator, some electrical sockets, dimmer switches, a chandelier and curtains. However, no proof of ownership for most of these items was supplied. Millennium offered a total amount in settlement which was less than that claimed for.

As no proof of ownership for most of these items has been provided I cannot say that Millennium's reduced/partial settlement for them was unfair or unreasonable. However, Mrs D did supply an invoice for the radiator and although Millennium considered the price on it, it said it felt it had been overpriced. Therefore, it applied a price to the radiator of around a quarter of that stated on the invoice and offered this in settlement. This was not fair or reasonable; Millennium needs to pay Mrs D to replace the radiator and it has not shown she can do this for the price it attributed to it. It must now increase its offer and if it feels it should not have to pay the price evidenced by Mrs D it will have to show her where a like-for-like radiator can be purchased for the price it wants to pay.

There has been some comment about these items (with the exception of the curtains) falling for cover under the buildings section of the policy. This does not materially affect the outcome (there are already elements of both buildings and contents to this claim) but, to my mind when these items were stolen they were contents items. I say this because although, once fitted they would become part of the buildings, they were stolen before installation and so would properly be classed as contents items.

wooden flooring

It has now been accepted by Millennium that the flooring in the lounge was most likely damaged by the thieves. However, the wooden floor in the lounge extends through the hall and into a small reception room and Mrs D has said that these areas were also damaged by the thieves. Mrs D has also said that the flooring used has now been discontinued and so, regardless of whether all of the flooring has been damaged or not, it will need replacing.

The quote for replacement Mrs D provided was for replacing the whole of this area and Millennium made an offer which it says was based on these costs but scaled down to account for just replacement of the lounge area. I am not sure that this was fairly calculated but, in any event, so much time has now passed that it will be necessary for another quote to be obtained to allow Millennium to revise its settlement. Had it shown that its offer had been fairly calculated then I would likely not have felt it was appropriate to make it do this but that is not the case.

Furthermore, the value Millennium attributed was based on the same flooring that had been damaged during the theft and this has since been discontinued. Therefore, new costs for different flooring, which is of a like-for-like quality to that which Mrs D had previously, will now need to be obtained. Mrs D has said that she does not want to go to any more trouble regarding obtaining quotes and this has been put to Millennium to see if it would quote for the work but it has declined. If Mrs D wants settlement for this claim, she will have to show what is due to her, it is regrettable that chasing quotes is not always convenient but this is the most accurate way of knowing what loss Mrs D will face in reinstating her home. Also, such is necessary as part of the reinstatement process anyway.

Regarding the hall and small reception room; the photographs available of the flooring here do not suggest the damage most likely occurred during the break-in and Millennium's loss adjuster has concluded that it is more in line with general wear and tear. I am satisfied that Millennium's conclusion in this respect is not unfair or unreasonable; as such it has no liability under the policy for replacing the flooring in the hall and small reception room.

However, if Mrs D were to only replace the flooring in the lounge then she would be left with two rooms that no longer match (because the flooring currently in place has been discontinued). This service has an established approach to matching sets in that we will require an insurer to, effectively, compensate a policyholder for any loss of match that occurs. Here, it has been suggested that a payment of £250 would be satisfactory and I agree.

kitchen tile and granite window sill

It seems it was not initially clear whether Millennium's settlement for these items was fair and reasonable or not. However, the amounts offered by Millennium were revised upwards during the course of the claim and a cheque covering both was sent to Mrs D in November 2012. The final settlement figure for the tile was £538.18 and the window sill £1,016. I have seen nothing to make me think these values were unfair or unreasonable.

kitchen worktop

Mrs D said that the worktop had been damaged during the burglary but Millennium initially declined this aspect of the claim. However, following our adjudicator's involvement it agreed to reconsider payment for this. I am satisfied that such is fair and reasonable and so will not make any further comment on this, other than to clarify that interest will also be due.

damaged furniture

Millennium has agreed to reconsider making settlement for a sofa, a set of Tuscan drawers and a set of bedroom drawers. I am satisfied that this is reasonable. I would ask Millennium to bear in mind though that Mrs D has said that she was previously offered reimbursement for repairing the set of Tuscan drawers as these could not be replaced. If Mrs D still wants reimbursement in this way then that would be fair and reasonable.

However, Mrs D also said that a wardrobe, an office desk and her kitchen units were damaged by the thieves. Millennium disagreed. Having considered the evidence available, I am satisfied that Millennium's decline of these aspects of Mrs D's claim was fair and reasonable.

handling of the claim

Our adjudicator suggested that compensation was due to Mrs D as she felt that Millennium had not handled the claim well. In response Millennium did not agree that it had done anything wrong or caused any unreasonable delays. It said that the compensation award suggested was punitive and biased.

Compensation is a discretionary award that I sometimes make where I feel that an insurer has handled a claim badly and/or delayed it unreasonably and that these failures have resulted in some kind of upset being caused to its policyholder. Such awards are not punitive. If I feel that the only delays that occurred in a claim were reasonable and/or the fault of the policyholder and the claim was handled well by the insurer and/or no undue upset was caused to the policyholder by it, then I will not award compensation.

I do not accept that this is the case here though. Here, as can be seen above, Millennium now has to reconsider the settlements it has so far offered or refused to offer, not least because most of those previously offered/paid were made in such a way they could not be verified. This has meant that Mrs D's claim has not progressed efficiently and is still not settled nearly three years after the claim. I also note that Mrs D's home was left unsecured for a time and it was nearly a year before any settlement for repair works to secure the home was made.

It may be that, at times, Mrs D could have done things quicker but I have seen no evidence to make me think she is responsible for this claim still being outstanding now. Some of the complaint points Mrs D has raised have not been found in her favour, but some have. I have seen no evidence that makes me think Mrs D has acted unfairly or unreasonably during the course of this claim/complaint.

Overall, I am satisfied that Millennium could have handled this claim better and that because it did not Mrs D experienced distress and inconvenience she otherwise would not have suffered. As such, it is only fair and reasonable that I order Millennium to pay compensation to her and I am satisfied that £250 is an appropriate award here.

underinsurance

Millennium suggested in its final response to Mrs D that its settlement was appropriate especially in light of the fact that it had not chosen to take any action in respect of the underinsurance that it said it had identified. If underinsurance was truly an issue here then it was nice of Millennium to not pursue any action in respect of it. However, having made that choice it would now be fair for Millennium to review that position in respect of this claim. Therefore, it will need to deal with the outstanding aspects of this claim as though Mrs D's property and possessions are adequately insured.

obtaining quotes

I have already mentioned this in respect of the flooring and so will not go into much more detail here. However, I feel it needs some further comment as my decision award is for Millennium to reconsider most of Mrs D's claim; not just that related to flooring. A consequence of this may be that Millennium will ask for further quotes from Mrs D.

If Mrs D does not want to provide further quotes to assist Millennium and evidence the cost she will actually face in replacing her items and/or reinstating her home, then it cannot fairly

and reasonably be blamed if the price it decides to offer, based on the information it has, is insufficient. I say "*based on the information it has*" because Millennium is the expert in this, has viewed the damage and has access to a loss adjuster who could calculate costs on a desktop basis. Millennium also has access to suppliers who could easily provide a cost report for possessions such as electrical goods. These may not be the costs that Mrs D would experience on the open market but if she chooses not to provide her own data then Millennium could reasonably make an offer of settlement based upon this type of information. I would probably not find it fair or reasonable for it to make no offer.

my final decision

My final decision is that I uphold this complaint in part as while I have not decided in favour of Mrs D in respect of every aspect of her complaint, there are a number of things that I do require Millennium Insurance Company Limited to do. I order Millennium Insurance Company Limited to:

- reconsider/re-price its settlement for electrical goods, tools and box, taking into account my comments above.
- reconsider/re-price its settlement for perfumes, handbags and accessories.
- make an increased payment for the stolen radiator and if this is any less than the invoice amount supplied by Mrs D, demonstrate that purchase for this price can be achieved.
- reconsider its settlement for the lounge flooring; ideally this will be based on up to dates quotes provided by Mrs D for the actual floor area Millennium is liable for replacing and in respect of flooring of a like-for-like quality to that previously laid.
- pay £250 compensation to Mrs D for the loss of match between the lounge floor and that in the hallway and small reception room.
- reconsider settlement for the kitchen worktops.
- reconsider settlement for the sofa, Tuscan drawers and bedroom drawers, taking into account my comments above about the Tuscan drawers.
- pay Mrs D £250 compensation for the distress and inconvenience it caused her by its inefficient and poor handling of this claim.
- For any cash settlement now made in relation to my above orders (with the exception of compensation payments) interest will have to be added. Interest will be at 8% simple per annum (less tax if properly deductible) and applied from the date of loss until the date settlement is made.

I make no other award.

Fiona Robinson
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