

complaint

Mr and Mrs G are unhappy with how their insurance claim has been handled, the delays, and the amounts offered as settlement. The home policy has been provided by Millennium Insurance Company Limited.

background

Mr and Mrs G suffered a theft from their home. They notified Millennium and loss adjusters were appointed to deal with the claim. An inspection took place at the property and a report was issued to Millennium. Just under three months later loss adjusters confirmed that Millennium had accepted the claim and discussions began regarding the possibility of an interim payment. Some weeks later an interim settlement was made for household items, whilst the settlement for items of jewellery remained in dispute. Mr and Mrs G remained unhappy with the amounts offered and the delays that they felt were too long, they brought a complaint to this service.

Our adjudicator upheld the complaint. He felt that there was no evidence to show that Mr and Mrs G had not insured for the correct sums and if Millennium could not provide evidence of this it should reassess the claim payment. He felt that Millennium had not shown details of the discounts it was applying to replacement items, therefore, this should be reassessed. Our adjudicator could see no reason for the low jewellery offer based upon the valuation report put forward by insurance jewellery experts. He stated that the jewellery claim should be settled in line with the expert jewellery report. Finally, he noted a poor standard of customer service, unnecessary delays and poor consideration of the claim. He requested that Millennium pay £500 for the distress and inconvenience it had caused.

Millennium did not accept this. It said Mr and Mrs G had access to an online calculator when they took out the policy, our adjudicator was removing the incentive to offer a cash settlement, some items had lacked proof of ownership, and it was unclear why this service was recommending the maximum amount supplied by the jewellery expert's report.

Millennium said this service *"have been taken in by the policyholder's tactics to force a higher settlement"* and refuted allegations of poor customer service. It said the £500 for distress and inconvenience was *"wholly unjustified"* and requested the complaint go to an ombudsman for a final decision.

my findings

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

underinsurance

Millennium was provided with full details of the approach of this service to underinsurance at an early stage in this case.

Millennium claimed that Mr and Mrs G were underinsured and the clause in the policy that referred to *"average"* should be applied. However, our adjudicator pointed out the approach of this service had not been followed and offered Millennium the chance to reconsider, and the option to send further evidence to support its decision. No further evidence was received and no further consideration appears to have been given. This service does not dispute that

Millennium could state items were underinsured and apply the clauses in the policy to a claim where it could show that Mr and Mrs G negligently or recklessly underinsured. It has not done so.

I note that the preliminary report from the loss adjuster stated that the underinsurance only related to the buildings section of the policy. In relation to contents it says *"we have no reason to suspect this to be anything other than adequate."* Therefore, it seems underinsurance applies only to a very small part of the claim. Instead of providing details to deal with any of the points raised by this service Millennium just responded with questions rather than evidence or answers. Therefore, based on what I have seen it does not appear reasonable for Millennium to have applied underinsurance. It should pay the balance between the full value and the adjusted figure it settled for.

insurer's discounts

This service accepts that in the right circumstances discounts gained by insurers can be taken into account and deducted from claim settlements. Millennium was provided with full details of the approach of this service earlier in this case.

However, there are no details within the file from Millennium that show it was able to offer suitable replacements for the non-jewellery items claimed at the discounted prices. If Millennium had made such an offer and it was turned down by Mr and Mrs G this would be a different matter. In this case, no such offer of replacements appear to have been made so there is no proof that Millennium could have organised suitable replacements at such discounted prices. Therefore, it is unreasonable for Millennium to apply such discounts to the items claimed for by Mr and Mrs G.

Millennium should reassess this part of the claim. Where cash settlements have been applied, these should be recalculated up to the replacement value of the item at the time the interim payment was made. A detailed breakdown should also be provided to Mr and Mrs G setting out the amount which was offered for each item and how this amount was calculated based on prices at the time of the interim payment.

jewellery

The experts appointed by Millennium valued the jewellery at more than £17,000, with a discounted price to insurers of close to £14,000. In the expert's valuation report it stated *"We would recommend that the claim is approved for settlement unless you have any other concerns."* However, Millennium offered £10,490 in vouchers or £6,290 in cash. It says this is because not all of the items could be supported by documentation. The difference in value offered has been referred to as *"standard industry practice"*. However, I see no details to show exactly what this means to Millennium or why it applies in this case. What I can see is an expert valuation confirming what the prices are with and without the insurer's discount.

It seems to me that the expert working on behalf of Millennium set values for the jewellery based on their experience and guidelines laid down for them by insurance industry. Mr and Mrs G had no influence over the final outcome in terms of values noted by the experts. Therefore, without other evidence it seems to me that Millennium has acted unreasonably in offering two greatly reduced amounts without any actual evidence to justify why. In this case, I have no reason to dispute the expert report and evidence. To me there is no issue in relation to Millennium's comment about our adjudicator recommending *"the maximum amount"* all our adjudicator did was suggest Millennium settle this part of the claim based

upon the expert valuation provided as evidence. Therefore, it would be reasonable for Millennium to settle this part of the claim in line with the expert report.

customer service and requests for updates/information

Comments from Millennium that this service *“has been taken in by the policyholder’s tactics to force a higher settlement”* seem to me to be unreasonable. Mr and Mrs G are entitled to the amounts they have lost and that are covered within the policy. I understand the point that Millennium makes that sometimes not all requests made by consumers for updates are necessary or reasonable. However, I do not accept Millennium’s point that Mr and Mrs G are in this category. The time taken to accept the claim was too long, it is clear that reasonable requests for information were not responded to, there were delays before negotiating an interim settlement even started, Mr and Mrs G say they suffered significant expense before they were reimbursed and the records here show that there was a further time delay before the interim settlement was actually made.

Based upon the paperwork I have it is clear that throughout the claim Millennium should have dealt with matters better. There have been unreasonable delays and this would have had a big impact on Mr and Mrs G during what was already a stressful time. As it appears to me that Millennium failed to fully and properly consider the claim then this has also meant Mr and Mrs G have not received a reasonable settlement. In this case due to the distress and inconvenience caused an award of £500 is fair and reasonable.

my final decision

I uphold this complaint.

I require Millennium Insurance Company Limited to:

- reassess any items that were noted as underinsured and settle the balance for these items;
- reassess the non-jewellery items on the basis of their actual costs (prices current at the time of the loss) and settle any outstanding balance in full;
- settle the jewellery items on the basis of the expert report;
- to any cash settlement add simple interest at 8% per annum, calculated from the date of loss to the date of settlement, less any tax properly deductible;
- pay £500 for distress and inconvenience caused.

I make no other award against Millennium Insurance Company Limited.

John Quinlan
ombudsman