

complaint

Mr and Mrs S are unhappy with the way that their home insurance claim for theft following a burglary was handled by Society of Lloyd's and with the settlement paid to them.

background

In October 2017 Mr and Mrs S suffered a burglary of their home. A large amount of jewellery was stolen as well as designer bags, accessories and some electrical goods. They made a claim to Lloyd's who sent out a loss adjuster. She went through with Mr and Mrs S the value of all the contents in the property, those stolen and those remaining. She concluded that the contents were substantially underinsured. The contents had been insured by Mr and Mrs S for £40,000, whereas it was estimated that their true value was around £115,710. As a consequence Lloyd's said in line with the terms and conditions of the policy, it would reduce the claim by the amount it was underinsured. The stolen contents were valued at £59,710. The policy limit for jewellery and high risk items was £10,000. It paid a that figure plus £11,757 for the other contents stolen, a total of £21,757.

As regards damage to the building, it was thought that the burglars had got in through the back door, so Lloyd's agreed to pay the cost of repair. But based on the police report Mr and Mrs S said that both the front and back doors had been damaged. Lloyd's initially declined to pay for the front door, believing it was damaged due to wear and tear.

Mr and Mrs S were very unhappy that their claim had been reduced – they said that their estimates of the value of the items stolen were guesses when they were under pressure. They have now reinsured with another provider for substantially less than the amount Lloyd's estimated their contents to be worth. They also complained of substantial delays in agreeing the claim.

Lloyd's agreed that there had been delays. It agreed to pay £250, then on review made a further payment of £100. It reassessed the claim for the doors and offered to pay for both front and back doors to be repaired or to pay a cash settlement to Mr and Mrs S of £315.95.

On referral to this service our investigator thought that Lloyd's should pay a further £100 compensation in respect of the delay in dealing with the repair of the doors. He said however that he thought Lloyd's had acted fairly in its settlement of the contents claim.

Mr and Mrs S repeated their view that the value of their contents had been overestimated by Lloyd's. They further pointed out that the loss adjuster had said the front door would be replaced at the first visit, so they think it unfair that Lloyd's has only offered to repair it and has still failed to do anything about it. Mr and Mrs S have referred to the damage to the porch in their response to us but I understand from them that they mean damage to the door.

The matter has been referred to me for further consideration.

my findings

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

contents claim

If it believes the contents were underinsured Lloyd's is entitled under the terms of the policy to reduce the amount it will pay out. In the general terms and conditions of the policy and in the section of the policy regarding settlement of claims it says:

"Your insurer may pay only part of the claim if at the time of loss or damage the sum insured figure is less than the amount required to replace your contents as new or rebuild your property."

This type of condition is fairly common to most home insurance policies. Mr and Mrs S took the policy out through a price comparison website, then through a broker. I understand that the question asked was *"What is the total value of the contents in your home?"* I don't think they are disputing that they were asked proper questions about the value of their contents, rather they dispute that the contents were underinsured. But if they have an issue with the questions, that's a matter they should take up with the broker.

I know Mr and Mrs S believe they were treated unfairly by the loss adjuster when they were asked to complete a value at risk form for all their contents. But when it's thought that the contents are underinsured this is a common procedure for insurers to go through. When a consumer takes out a policy they aren't asked to carry out a full valuation of their contents, rather they are asked to assess the value of the contents of their home. So I don't think it was unfair for them to go through that procedure with Lloyd's. After this exercise was carried out Mr and Mrs S produced a detailed list of the items stolen and their value where they were able to provide it. The items they provided values for added up to over £39,000, but this didn't include a good number of gold jewellery items. So I think that by their own estimates after the loss adjuster's visit the £59,000 figure for items stolen seems to me to be a reasonable estimate.

I understand that Mr and Mrs S have now got insurance for much less than the assessed value by Lloyd's of their contents. But I can't make a direct comparison, although they say most of their items stolen have been replaced. At the time of the loss adjuster's visit I understand that they were under stress but they could've at any time after that provided further details of their contents if they believed they were properly insured. They didn't do so. I think Lloyd's fairly estimated the value of their contents and it was entitled to reduce the claim by the amount by which they were underinsured.

claim for the doors

There was some confusion about the doors. Lloyd's initially agreed to pay only for the repair to the back door and said the damage to the front door was wear and tear. Then in its final response it said it would pay for both doors to be repaired or pay a cash settlement. Because of the delay in dealing with that issue our investigator proposed that Lloyd's pay a further £100 compensation and contact Mr and Mrs S to agree the final settlement.

Whilst I think it would have been helpful if Lloyd's had got on with dealing with the repairs to the doors it appears that Lloyd's was waiting for a final decision from this service before proceeding. I will require Lloyd's to take the necessary action with regard to the doors. Mr and Mrs S believe the doors should be replaced rather than repaired, but if they can be repaired Lloyd's isn't obliged to carry out a full replacement. Lloyd's will have to assess this when it contacts Mr and Mrs S to agree a settlement.

delay

After the claim was assessed and Mr and Mrs S had sent through the necessary information, there were substantial delays. Essentially Lloyd's had all the information necessary to proceed by 24 October 2017. Yet it took until 5 June 2018 for it to advise Mr and Mrs S of the proposed settlement. I understand that underwriters had made a decision by March 2018 but this wasn't communicated to Mr and Mrs S until June. In the meantime they had to chase up for a response. A number of their emails weren't responded to.

Lloyd's has paid a total of £350 to reflect the delays and I think in the circumstances of the case that is fair. I don't propose to increase that figure.

my final decision

I uphold the complaint in part and require Society of Lloyd's to:

- pay Mr and Mrs S a further £100 compensation, in addition to the £350 already paid.
- settle their claim for the damage to the front and back doors.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs S to accept or reject my decision before 29 May 2020.

Ray Lawley
ombudsman