

## **complaint**

Mr and Mrs K complain about Liverpool Victoria Insurance Company Limited's ("LV") settlement of their home insurance claim for theft.

## **background**

Mr and Mrs K's home was burgled in February 2014. They made a claim under their home insurance for damage to the property and stolen contents. When validating the claim, LV discovered that Mr and Mrs K had significantly underinsured their contents. The contents sum insured on their policy was £47,000 but the estimated contents value of their home was approximately £200,000 - a significant proportion of which was jewellery. LV cancelled the policy and declined the claim.

Mr and Mrs K complained to this service. Our adjudicator investigated their complaint and recommended that it was upheld. She said the policy should be reinstated and the claim considered in line with the remaining policy terms and conditions.

LV told their loss adjuster to validate the claim. He asked Mr and Mrs K for proof that they owned the jewellery they were claiming for. They provided him with valuations for the stolen jewellery which were produced by the jewellery shop they owned. LV then asked Mr and Mrs K for the details of the insurers of the shop, and the insurance details of their daughter (who was said to have borrowed some items of jewellery). For a while, Mr and Mrs K resisted giving this information to LV. LV said that without it, the claim wouldn't be paid.

After the two sets of insurance details were eventually provided, and LV was able to establish the jewellery hadn't been claimed for on either of the other policies, it said it would settle the claim. It said it would pay for the items for which documentation proving ownership had been provided (largely electronic goods). It also said it would pay for those items on the loss list which were valued under £100 - LV said it didn't require proof of ownership for these items. It said it wouldn't pay for any of the jewellery claimed because there was no proof that it was owned by Mr and Mrs K (and not by their jewellery business). LV said it didn't think the self-produced valuations were acceptable proof of ownership. It also said it wouldn't pay for the cash (£15,000) being claimed.

Mr and Mrs K complained again to this service. They were unhappy that so few of the items on their loss list had formed part of the settlement LV was offering them. Our adjudicator investigated Mr and Mrs K's complaint. She said:-

- LV's decision not to offer anything in respect of the jewellery was reasonable in the circumstances;
- LV had now agreed to pay up to the policy limit of £500 for the stolen cash;
- Of the 40 items stolen (excluding jewellery and cash) Mr and Mrs K had only provided evidence of ownership for 8 of the items. It was reasonable of LV to settle for these 8 items and those items valued at less than £100 for which there was no proof of ownership. LV had now agreed to pay £100 for the stolen console games. She didn't think LV had unreasonably required evidence of ownership of some more of the items claimed. She said this evidence should be provided to LV in the first instance as this service was unable to become involved in managing the claim;
- If Mr and Mrs K wanted LV to consider a claim for damage to the buildings then they needed to provide LV with estimates for the works.

Mr and Mrs K then provided some photographs of the stolen jewellery some of which corresponded with some of the items on the valuations. Our adjudicator passed these to LV's validation team but it maintained its decision not to pay the jewellery element of the claim. It still had numerous concerns about it which included: why the photographs weren't provided at the start of the claim, why none of them were taken on scales to verify their weight (as is commonplace when valuing gold), and why some of the photos showed items which had since been confirmed as being swapped at the shop.

Having reviewed all the evidence Mr and Mrs K said they wanted considered, LV issued its final response letter to Mr and Mrs K in August 2016. It said it didn't think sufficient proof had been provided that the items claimed for belonged to Mr and Mrs K. It said there were numerous discrepancies associated with the items claimed and the inadequate substantiation. LV maintained its decision to decline the jewellery element of the claim. LV said it would consider the claim for non-jewellery items once substantiation was provided.

Our adjudicator issued a further assessment. She said she didn't think LV had unreasonably declined the jewellery element of the claim. Mr and Mrs K disagreed with her view and asked for the complaint to be referred for an ombudsman's decision.

### **my findings**

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

It is a general condition of Mr and Mrs K's policy that they must give LV all the help, evidence and information it needs in order to validate their claim. This condition is typical to most insurance policies.

I don't doubt that Mr and Mrs K were the victims of a genuine theft and that they lost a significant amount of possessions. But, at times during this claim, Mr and Mrs K, via their representative, have not been fully co-operative when asked by LV to prove that they owned the items they were claiming were stolen. LV's requests in this regard have been reasonable. It was being asked to pay out a significant amount of money and, in such circumstances, it is only fair that it seek proof the items were owned.

The bulk of the claim related to stolen jewellery all of which LV has declined to pay out for. I accept that some photographs have been produced but I can't ignore that there are significant discrepancies both with the photographs themselves and the items they are said to show.

Early on in the claim process, Mrs K said to the loss adjuster that she exchanged her jewellery with jewellery from their shop. Mr and Mrs K have been repeatedly asked to provide evidence of these transactions but have been unable to do so. Mrs K told the loss adjuster that there was no record of the transactions taking place. Even though there are photographs of Mrs K wearing some jewellery it isn't known whether she still owned the items she is seen wearing (because she had since exchanged them) or whether she had borrowed them from the shop. So it hasn't been possible for LV to establish that Mrs K legally owned the items she claimed for.

Given these circumstances, LV's doubts surrounding what actually was stolen and whether it was owned by Mr and Mrs K, or their business, are reasonably justified. In reaching this decision I have, of course, also taken the valuation evidence into account but I don't think LV's decision to disregard it as evidence of ownership is unfair. The valuations were self-produced so lack independence.

I can't agree with Mr and Mrs K's representative that LV said it would pay the claim (in full) as soon as it'd established no claim had been made for the same items under the two other insurance policies it sought details for. It said it would make a settlement offer, and it did.

On balance, I don't think LV's decision not to pay the jewellery element of this claim is unreasonable. Unfortunately, Mr and Mrs K haven't done enough to prove they actually owned the items they are claiming for.

LV has agreed to pay up to the policy limit of £500 for the cash claimed and to pay £100 for console games. I think this is reasonable as is the fact it has said it will consider any further evidence provided in respect of the non-jewellery items should any be forthcoming.

### **my final decision**

My final decision is that I uphold this complaint in part. I require Liverpool Victoria Insurance Company Limited to increase the settlement it offered to Mr and Mrs K to include £500 for the stolen cash (the policy limit) and £100 for console games.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs K to accept or reject my decision before 28 December 2016.

Claire Woollerson  
**ombudsman**