

The complaint

Miss A complains about Fairmead Insurance Limited's proposed settlement of a claim under her home insurance policy and about delays in the handling of that claim.

What happened

Miss A has a home insurance policy with Fairmead, which covers buildings and contents amongst other things.

I'm very sorry to say that in July 2019, Miss A's home was burgled. The perpetrators broke in through the back door, took keys to the other doors to the house and stole valuables and money.

Miss A made a claim to Fairmead to cover the stolen property, valued at just over £20,000, replacement of the back door and replacement of the locks on the other doors.

Fairmead appointed loss adjustors, who interviewed Miss A on several occasions. The claim isn't yet settled – 15 months on from the burglary.

Miss A complained to Fairmead about the delays and poor customer service. And about the requests for information from the loss adjustors, which she felt were unnecessary and excessive.

Fairmead admitted there had been some delays and poor service on their part – though they said the main issue had been the delay in the police responding to requests for their crime report. They offered Miss A £50 in compensation.

They also said that now they had the crime report (which Miss A had obtained by making a subject access request to the Police), Miss A needed to provide their loss adjustor with the further information requested.

Miss A wasn't happy with this outcome and brought her complaint to us.

Our investigator looked into it and thought Fairmead could and should have settled the claim more quickly. She thought they had sufficient information to assess Miss A's losses. She said Fairmead should settle the claim in full and give Miss A a total of £200 in compensation for her trouble and upset.

Fairmead disagreed and asked for a final decision from an ombudsman.

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.

There's no dispute here that Miss A was burgled, or that her back door was broken down, or that the burglars took the keys to the other doors, or that they ransacked the house and took the valuables they could find. And there's no dispute that those losses are covered by her policy.

It seems Fairmead had some concerns initially about the value of the claim. These appear to have revolved around whether the thieves – who CCTV showed had arrived and departed on a motorcycle – could carry all the items claimed.

The items claimed were mainly jewellery, clothing, money and handbags. Some luggage was also stolen, which may have enabled the thieves to more easily transport the valuables.

So it seems to me Fairmead's concerns were unfounded. They were, of course, entitled to look into those matters and to appoint loss adjustors – and to request information from Miss A.

But it seems in any case that they dropped these concerns at some point and turned their attention to valuation of the items which were stolen.

I say this because after we'd begun our investigation, Fairmead made an offer to Miss A to settle the claim. They offered just under £15,000 (after the excess of £200 was taken into account) – compared to Miss A's original claim of over £20,000. But they did accept – at that point – that the thieves had stolen the items Miss A said they'd stolen.

That offer was made in around May of this year – almost a year after the burglary. I can see that some of the delay was caused by the Police being slow to respond to the request for their crime report.

However, this was provided by late 2019. And at that point, Fairmead asked Miss A to provide proof of ownership and/or purchase of the claimed items. She'd already provided this in July 2019 – in response to a request from Fairmead's loss adjustor.

Fairmead didn't ask for additional information or evidence, they asked for all of it – again. If they'd needed more from Miss A in addition to what she'd already provided in July, they should have said so – and they should have been specific. And that might have led to the claim being settled far more quickly.

The offer Fairmead eventually made to settle the claim is more than £5,000 lower than Miss A originally claimed.

This is mainly because Fairmead's loss adjustor valued the claimed items lower than Miss A did. They also said Miss A was claiming £310 for replacement of locks, when this figure included new locks fitted to internal doors - which weren't covered. They assumed the internal locks were covered by an invoice from a supplier for £170 – and so proposed paying only £130 for lock replacement (the maths appears to have gone awry here since £310 minus £170 equals £140).

Fairmead appear to be concerned that Miss A may be over-estimating the value of the claimed items. One reason for this appears to be that some of the receipts / invoices Miss A provided in July 2019 – as proof of ownership – don't match the values she later put on the items after she was asked to provide that information in December 2019.

As Miss A has pointed out, the policy indemnifies the policyholder. Fairmead cover the cost of replacing the items (now), not the cost when they were bought. Miss A has been asked at

different times to provide receipts as proof of ownership and then valuations of the cost of replacement.

Prices fluctuate over such a long period of time as the 15 months taken to deal with this claim. Items may have been purchased on special offer or with time-limited reductions in price – and would now cost more to replace. And so, it's not surprising there are some differences in the receipted costs and the current replacement costs.

Fairmead sent Miss A a list of the claimed items which they valued differently to her. It's not for me to act as a loss adjustor and go through all of these items in detail providing yet another valuation – at a different point in time, I might add – in order to arbitrate on the sometimes very small differences in the valuations.

I'm looking at this whole process more broadly. But what I can say is that Fairmead have lowered the valuations on some items to the original receipted price – which is clearly no longer available due to price increases and/or the end of special offers.

In some cases, they've valued the wrong item (for example, a mini size handbag as opposed to the small size).

And in some cases, Miss A has provided screenshots from the suppliers' websites, showing the current price to be as she'd suggested – and not the much lower valuations provided by the loss adjustor.

As I say, I'm not going to work through the claim and add a third stab at valuation of each and every item. But I am satisfied that Miss A has provided honest, reliable and accurate valuations. And that where a dispute has arisen, she's been able to explain this and to justify her valuation – and to point out why the loss adjustor's valuation is mistaken.

Putting things right

So, I'm going to instruct Fairmead to settle the claim as originally submitted by Miss A, with two very minor exceptions.

First, Miss A claimed for foreign currency stolen from her home. A family member was about to go on holiday and had some currency exchanged and ready for departure. Miss A's original claim included a receipt for the exchange which included a small service charge. I don't think Fairmead should cover that service charge. To be clear, they should pay £804.08 for that part of Miss A's claim – the actual value of the currency with no service charge added.

Second, Fairmead shouldn't be asked to cover the locks on internal doors, which Miss A says she had installed for additional security. Previously there were no internal locks, so Fairmead can't be asked to pay replacement costs.

Miss A has clarified that the £310 receipt she provided was for the front and back door locks – which are covered. But she's also agreed that the work carried out by the supplier who temporarily fixed the back door and fitted the internal locks – should be reduced to £130 as suggested by Fairmead (his original receipt was for £170).

Miss A paid for the back door replacement, the replacement locks and a replacement for a stolen laptop some time ago – and provided receipts to Fairmead for these costs. She has been deprived of that money since she paid those costs, so in line with our usual approach – and as our investigator suggested – Fairmead should also pay interest at 8% simple on those elements of the settlement of Miss A's claim.

I also agree with our investigator that Fairmead should pay £200 compensation to Miss A for her trouble and upset.

She's been inconvenienced by having to submit the same information twice. She's had the worry and stress of not knowing whether or when her claim would be settled.

And, whilst I accept Fairmead were entitled to look into the claim in detail and to wait for the Police report, the long delays in settling the claim could have been significantly reduced if they'd acted more speedily when they had the information they needed - and if they hadn't requested the same information twice.

My final decision

For the reasons set out above, I uphold Miss A's complaint.

Fairmead Insurance Limited must:

- settle Miss A's original claim in full (except for the service charge on the foreign currency exchange and the cost of installing locks on the internal doors);
- pay Miss A 8% simple interest on the cost of replacing her back door, replacing the locks on the front and back doors and replacing her laptop;
- pay Miss A £200 compensation for her trouble and upset.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 10 November 2020.

Neil Marshall
Ombudsman