

## The complaint

Mrs B complains about how Haven Insurance Company Limited (Haven) dealt with a claim under her home contents insurance policy for loss of jewellery.

Haven use agents to administer the policy and to assess claims. References to Haven include these agents.

Mrs B was supported by a representative in bringing her complaint to this Service. References to Mrs B include her representative.

## What happened

Mrs B had a home insurance policy with Haven, taken out in December 2021. In August 2023 she lost an engagement, wedding and eternity rings. She looked for the rings but couldn't find them. She contacted Haven to report the loss and lodge a claim. Haven appointed a loss adjuster (Q) to assess and validate the claim. In turn, Q appointed a specialist firm (L) to value the rings. Haven noted the engagement ring was purchased in 2016 for £3,800 and listed as a high value item under the policy at a valuation of £4,000 (but hadn't been valued recently). The wedding ring was purchased for £1,850 and the eternity (diamond cluster) ring for £1,150 (both with no recent valuation).

L valued the rings on a replacement basis. They valued the engagement ring at £7,700; the wedding ring at £1,413; and the diamond cluster ring at £7,175. Q told Mrs B that as the wedding ring and diamond cluster rings weren't listed as specified, high value items under the policy, the most they would offer for each ring was the single article limit of £1,500. On the engagement ring, the insured value (£4,000) was only 49% of the replacement valuation (£7,700) so applying the average to the insured valuation of £4,000 meant they would offer a settlement of £1,960 for the ring. That meant the settlement for the three rings would be £4,960 (£4,610 after deduction of the £350 policy excess).

Mrs B wasn't happy with the offer, thinking it £1,849 less than it should have been. She said L had looked at an inaccurate description of the engagement ring when making a valuation. Mrs B obtained a replacement valuation of £4,200 from the jeweller (C) from which the ring was purchased, based on the lost ring being secondhand (not new) when it was purchased. Whereas L contacted C and thought a new, replacement ring would be significantly more expensive (the £7,700 valuation).

Haven considered Mrs B's challenge as a complaint, but they didn't uphold it and confirmed their final settlement offer of £4,960 (less the policy excess of £350). In their final response they referred to the valuations from L and the basis of the settlement offer. On the engagement ring, Haven said C confirmed the valuation of the ring as secondhand (£4,200) and a valuation of between £7,500 and £8,000 to replace as new. As the policy wording set out a 'new for old' basis of replacement, they confirmed their view the ring was underinsured (undervalued) and so an average of 49% should be applied.

Mrs B then complained to this Service. She was unhappy at the settlement offered, saying it left her significantly out of pocket and unable to replace the lost rings. She thought the

valuation from C for the engagement ring, including the exact details of the ring, was sufficient evidence of its value. She wanted Haven to make a fair settlement of her claim.

Our investigator upheld the complaint, concluding Haven hadn't acted fairly. On the wedding and diamond cluster rings, she thought as neither was included as a high value item under the policy, Haven had acted fairly in offering the single article limit of £1,500 for each. On the engagement ring, she thought Mrs B hadn't been asked a clear question when the policy was taken out as she'd been asked whether she wanted to insure an item worth over £1,000 – the question didn't ask the value of the ring (such as a current valuation) and the policy documents didn't state a valuation was needed. As the ring was purchased for £3,800 in 2016 then it wasn't unreasonable for Mrs B to have specified a value of £4,000. As the investigator thought Mrs B had given a reasonable answer when the policy was taken out, it wasn't reasonable for Haven to apply an average calculation.

To put things right, the investigator thought Haven should settle the claim for the ring at the sum insured on the policy schedule (£4,000) plus interest. The investigator also noted some inconsistency in the policy excess figure – Q had referred to £350 whereas the policy schedule referred to £250. Haven should apply the £250 figure to the claim settlement.

Haven disagreed with the investigator's view and asked an ombudsman review the complaint. They said the policy wording was clear it was 'new for old' and the comparison site through which the policy was taken out stated valuations should be provided to replace an item as new – not a secondhand valuation.

Mrs B also responded to the investigator's view, referring to wording in the policy document, specifically that a cash settlement would be based on the replacement value of an item. As the ring had been purchased secondhand, then the valuation from C of a replacement, secondhand ring should be used as the value for the settlement. The same section of the policy document also didn't make any reference to replacement on a 'new for old' basis.

### **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.

My role here is to decide whether Haven have acted fairly towards Mrs B.

The key element of Mrs B's complaint is the settlement offer made by Haven for the loss of her rings. She says the offer is less than it should be. Specifically, the settlement for the engagement ring, which was bought secondhand (and the valuation from C is on the same basis). Haven say the policy replaces lost items on a 'new for old' basis and the valuation of the ring on a new, replacement basis is significantly higher than the valuation included as a specified, high value item (£7,700 compared to £4,000). So, applying the average provision of the policy means they acted in line with the policy terms and conditions.

In considering the issues, what doesn't appear in dispute is the settlement offer for the wedding and diamond cluster rings. Neither were included as specified, high value items under the policy. Given this, Haven applied the single item limit of £1,500 for each ring. The Policy Schedule only lists a *Diamond ring engagement* (at a value of £4,000) under a section headed *Specified Items: All Individual Items in and away from the home over £1,500 must be listed below*. The Schedule also includes a reference to *Single article limit £1,500*. The policy document, under *Section F Summary of Limits* includes the following under *Household Contents*:

*Specified High Risk Items    Any item valued over £1,500*

Taken together, I think this is clear there's a limit of £1,500 on any individual item not separately listed on the Policy Schedule. So, I've concluded Haven acted in line with the policy terms and conditions.

On the settlement for the engagement ring, I've looked at the evidence and information provided by Mrs B and by Haven, including that provided by Mrs B to Haven to support her claim. In doing so, I should note that my role is to decide whether Haven acted fairly towards Mrs B. Having done so, I've concluded they haven't, and I'll set out my reasons.

In considering the issue, both Mrs B and Haven refer to the policy terms and conditions (and Haven to the comparison website). Mrs B refers to the following Policy Document wording, under a heading *Provisions applicable to Section C – Your Household Contents cover* which includes the following points:

*“1. The most we will pay is the amount stated in your schedule / summary of limits...*

*3. We will pay for the cost of repairing or replacing your item...*

*6. If an exact replacement is not available we will replace it with an item of similar quality...*

*8. Where we cannot repair or replace an item we will agree a cash payment with you based on the replacement value...*

*10. If you are under-insured, meaning that the cost of repairing or replacing your household contents at the time of loss or damage is more than the sum insured (either as a whole or for each individual item) shown on the Schedule, then we will only pay a proportion of the claim. For example, if the item is worth £5,000 but you only insured it for £2,500 then the claim will be settled at 50% for £1,250.”*

Similar wording appears in the *Personal Belongings* section (personal belongings are defined to include jewellery).

Mrs B specifically refers to point 8 about replacement value, saying it doesn't mention replacement on a 'new for old' basis. And that as the ring was originally purchased secondhand, the replacement value should also be on the basis of it being secondhand (per the valuation from C, for £4,200).

Haven also refer to the policy document. In their final response they refer specifically to the following statement:

***“Getting Your Household Contents sum insured correct***

*The amount you choose for your household contents sum insured should be the total value to replace all of the possessions in your home as new..*

The same section also includes the following statement:

*Make sure you state the correct sum insured for your household contents. If you under-insure your household contents, this will make a big difference to any claims settlement in the event of a loss. Remember to insure your household contents for the full replacement cost..”*

Similar wording appears under the *Your part of the Contract* section of the policy, which includes the statement:

*“6. Your sums insured for Household Contents must reflect the replacement cost of any and all Household Contents as new.”*

I've also looked at the question asked by Haven (through the comparison website) which they say is follows:

*“Do you want to insure any other items worth over £1,000 each?”*

There's a pop up box below the question (yes/no) which reads:

*“**New-for-old:** this type of cover replaces your damaged items with a brand new replacement, without considering depreciation.”*

I haven't seen any other information about the question(s) asked when Mrs B took out the policy, for example when being asked to provide any high value items, and a valuation of such items.

Taking all these points together, I think the policy generally makes it clear that household contents (which would include personal possessions such as items of jewellery) will be replaced with new items of equivalent quality.

However, in the specific circumstances of this case, I've concluded it was reasonable for Mrs B to provide a valuation of the engagement ring (of £4,000) based on it being secondhand. Mrs B's partner has provided a statement he purchased the ring from C in 2016 from their 'preowned' collection. That is, it was purchased as secondhand – it wasn't purchased as new. Mrs B being aware of this, I think while the policy generally operates on a 'new for old' basis for household contents in totality, it was reasonable for Mrs B to put a valuation on the ring being secondhand, as it was purchased as such.

And the valuation provided by C (£4,200) is on the same, secondhand basis as the original purchase. The valuation is broadly similar to the valuation as a high value item (£4,000) which is also close to the original purchase price, indicating depreciation wasn't a significant factor (as it would be likely to be for general household contents purchased from new). Had Mrs B wanted to insure the ring on the basis of replacing it as new in the event of loss as new, she could have provided a valuation as new (which would have meant a higher premium).

So, taking all these points together, I've concluded Haven haven't acted fairly and reasonably towards Mrs B in applying an average to calculate a settlement value for the engagement ring.

Having reached these conclusions, I've considered what Haven should do to put things right. Mrs B has obtained a valuation of the ring on a secondhand basis (£4,200) but the valuation in the Policy Schedule is £4,000. The policy wording is clear where an item is included as a high value (specified) item, the limit of liability will be the valuation included in the Policy Schedule. So, Haven should settle the claim for the ring on the basis of the valuation of £4,000. They should also add interest to the settlement, at a rate of 8% simple, from the date they offered their settlement for the ring to the date they settle the claim.

### **My final decision**

For the reasons set out above, it's my final decision to uphold Mrs B's complaint. I require Haven Insurance Company Limited to:

- Settle the claim for the ring on the basis of the valuation of £4,000.
- They should also add interest to the settlement, at a rate of 8% simple, from the date they offered their settlement for the ring to the date they settle the claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 26 July 2024.

Paul King  
**Ombudsman**