

## **The complaint**

Mr L complains about how Royal & Sun Alliance Insurance Plc (“RSA”) dealt with a claim he made under his home insurance policy.

RSA is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of its agents. As RSA has accepted it is accountable for the actions of the agents, in my decision, any reference to RSA includes the actions of the agents.

## **What happened**

In December 2021, Mr L bought a new watch. He sent RSA the receipt and asked it to add it to his home insurance policy.

In April 2022, the watch was stolen from Mr L whilst he was on holiday abroad. So, he made a claim under the policy.

RSA accepted the claim and offered him a cash settlement of £23,800. It said it couldn’t replace the watch as the manufacturer’s waiting list was around six to seven years.

Mr L raised a complaint with RSA. He was unhappy that RSA had only offered him the amount he’d paid for the watch. The price of the watch on the second-hand market was much higher.

RSA maintained its position. It said it had adhered to the terms and conditions of the policy and had applied the correct limit to Mr L’s claim. It was unable to issue a settlement above the amount specified on Mr L’s policy.

Mr L remained unhappy and asked our service to consider the matter. Our investigator didn’t think Mr L’s complaint should be upheld. She was satisfied that RSA had acted in line with the policy’s terms and conditions and thought its cash settlement offer was fair.

Mr L disagreed with our investigator’s outcome. He said he didn’t think timescales had been taken into consideration. He updated RSA on his watch purchase at the correct time, but it didn’t go on cover until after the theft had taken place. He therefore didn’t receive the policy wording about letting RSA know of a difference in value from replacement and purchase until after the theft.

Mr L said adding the watch to the policy was reviewed by a specialist underwriting team that would have been aware of its replacement value. He felt he was entitled to the value of the watch which was £55,000 according to the RSA loss adjusters at the point of theft. He also felt he should be compensated for the time he’d spent discussing the claim with RSA, its agents, a jewellery shop and the ombudsman service. So, the complaint has been passed to me to decide.

## **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.

Having done so, I've decided not to uphold Mr L's complaint. I'll explain why.

The policy's terms and conditions say:

*"If we can't either economically repair an item or replace it with an item of similar quality, we'll agree a cash payment with you based on the item's replacement value."*

The information from both parties suggests that the wait time for a replacement watch was around six to seven years or more. So, I think it was reasonable for RSA to offer Mr L a cash settlement.

The terms and conditions go on to say:

*"The most we'll pay for any one claim is the amount it'll cost us to replace your insured items as new – but this can't exceed the sum insured or any limits shown on your Policy Schedule, whichever is lower."*

There are two watches listed under "*Specified Personal Possessions*" on Mr L's policy schedule under the "*Out & About Cover*" section. There is a sum insured of £23,800 next to Mr L's stolen watch.

Beneath this it says: "*Let us know if the cost to replace your items as new is more than the limits shown above*".

The schedule is dated about a week after Mr L's watch was stolen in April 2022. However, it indicates that the change was made from the date after Mr L emailed RSA to let it know about the purchase of his new watch in December 2021. The receipt shows the purchase price for the watch was £23,800 in December 2021.

RSA says its usual practice is to record the value of an item as the amount on the valuation or purchase receipt provided. If a customer wants it to be valued at a higher amount it can amend it, but they would need to provide a valuation or purchase receipt that reflects the new amount within 30 days.

It's unclear why RSA didn't send Mr L an amended policy schedule after he provided the purchase receipt in December 2021. However, I think it was reasonable for it to have set the sum insured as the amount showing on the receipt.

The policy terms and conditions say:

*"You must tell us within 30 days as soon as you know about any of the following changes:*

- an increase in the value of items shown on your Policy Schedule"*

I appreciate Mr L didn't receive the revised schedule until April 2022, which was after the watch had been stolen. However, the policy schedule shows that the single item limit was £2,000 and Mr L already had his other watch listed under "*Specified Personal Possessions*". Mr L provided evidence of the value of the item when he purchased it. It was up to him to let RSA know if he was aware of any change in the value.

I understand that the type of watch Mr L purchased is much more expensive on the second-hand market due to a shortage of supply relative to demand. However, the terms of the policy only require RSA to settle Mr L's claim up to the sum insured. So, I think RSA's settlement offer was fair.

I know my answer will be disappointing for Mr L, but I think RSA has acted fairly and reasonably, in line with the policy's terms and conditions.

### **My final decision**

For the reasons I've explained, I don't uphold Mr L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 30 August 2023.

Anne Muscroft  
**Ombudsman**