

The complaint

Mrs P complained that Accredited Insurance (Europe) Ltd (“AI”) didn’t fairly settle her claim under her contents insurance policy. Mrs P did have some representation during the complaint but for ease and simplicity I’ll only refer to Mrs P.

What happened

AI accepted Mrs P’s claim when she lost a valuable piece of jewellery. AI instructed Mrs P to order a replacement ring from her jeweller and asked her to send the invoice to AI so it could pay the jeweller direct. Mrs P also had to pay the jeweller a £500 contribution to cover the excess on the policy.

Later, Mrs P found her original ring. She informed AI of this, but her jeweller had already made the replacement ring, so naturally expected payment for it. AI said as the original ring was found, there was no longer a claim to be made, so it refused to pay the jeweller.

AI said it hadn’t entered a contract with the jeweller itself and said the jeweller could sell the replacement ring on the open market. However, the jeweller has now threatened Mrs P with legal action if payment for the replacement ring isn’t made.

Our investigator decided to uphold the complaint. She said AI had authorised Mrs P to get a replacement ring made, so it’s not fair that Mrs P maybe left with the bill for the replacement ring. She thought AI should liaise with the jeweller to either pay the jeweller or agree to an amicable way forward to sell the ring on the open market to recover the costs. AI didn’t respond, so the case has been referred to 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.

I appreciate AI didn’t have a contract directly with the jeweller. However, I think the evidence is clear that AI accepted the claim and gave Mrs P authorisation to approach her jeweller to get the replacement ring made. It said it would pay the jeweller on receipt of the invoice.

So, I don’t think it’s fair that AI has simply walked away from the claim when Mrs P honestly informed them the original ring had since been found. I don’t think it’s reasonable to expect Mrs P to pay the cost for the replacement ring. Therefore, I uphold this complaint.

The jeweller had been commissioned to make a bespoke piece of jewellery – it incurred costs for labour and materials to produce the item. I don’t think it’s fair that AI expect Mrs P now to foot the bill with the jeweller now she has found the original ring.

Mrs P wants to keep the original ring as it holds sentimental value to her, but she has no need for the replacement ring anymore. However, in finding the original ring, I think the opportunity has arisen for AI to mitigate some, if not all its losses from the claim.

I think AI have the choice whether to pay the jeweller the costs for making the replacement

ring as it originally proposed, or it can liaise with the jeweller directly and come to a mutually agreeable solution to sell the ring on the open market. Either way, Mrs P shouldn't be liable for these costs, only the £500 excess payment. AI should clarify with Mrs P who she needs to make this payment to. AI need to take responsibility for settling any outstanding costs relating to the replacement ring with the jeweller.

My final decision

My final decision is that I uphold this complaint. I require Accredited Insurance (Europe) Ltd to:

- Settle all costs with the jeweller directly for the replacement ring (less £500 for the excess payment) or agree a mutually acceptable way with the jeweller to clear the outstanding balance.
- Inform Mrs P how to pay her excess payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 13 November 2023.

Pete Averill
Ombudsman