

## **The complaint**

A company, which I'll refer to as B, complains about the amount paid by Society of Lloyd's in settlement of a claim on its Jewellers Block Insurance Policy.

## **What happened**

In June 2020 B discovered that a diamond necklace had gone missing from its premises. Following this, a stock check was carried out. B also searched the premises and reviewed CCTV recordings, but wasn't able to find anything to explain the cause of the diamond necklace disappearing. B reported this to the police and Society of Lloyd's.

Society of Lloyd's appointed loss adjusters to assess the claim and they originally declined it on the basis B hadn't provided enough evidence of the loss. After reviewing further information from B, Society of Lloyd's made an offer of £30,000. It said this was on a without prejudice basis and it would consider any further evidence B was able to provide.

Although that sum was paid, B remained unhappy and sought a total of £55,000 in settlement of its claim.

When B referred the complaint to this service our investigator didn't think it should be upheld. He said it was for B to prove its claim and based on the evidence provided the settlement offered was reasonable.

B then provided further information. The investigator referred this to Society of Lloyd's but this didn't lead to Society of Lloyd's changing its position. The investigator's view remained the same. 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.

The relevant industry rules and guidance say insurers must deal with claims promptly and fairly; provide reasonable guidance to help a policyholder make a claim and appropriate information on its progress; and not unreasonably reject a claim. They should settle claims promptly once settlement terms are agreed.

The policy provides cover for the loss of the item of jewellery but, as with all insurance policies, the claim is subject to the policy terms and conditions, which in this case include the following:

*The Insured undertake to keep proper stock and account books in which all sales and purchases are recorded. These books, as well as those relating to sendings and entrustments, shall be made available for inspection to Underwriters or their representatives in case of a claim being made under this contract.*

*In the case of any loss or damage, the Insured shall, as a condition precedent to any*

*right of indemnification, supply Underwriters with such information and evidence as to the property lost or damaged and the circumstances of the loss or damage as Underwriters may reasonably require and as the Insured may be in a position to give.*

This is in line with the general requirement that, in the first instance, it's for the insured to prove their claim. It's reasonable for Society of Lloyd's to request evidence of the item, the circumstances of the loss and its value.

It's not for me to determine the value of the item of jewellery. My role is to consider whether Society of Lloyd's' decision was in line with the policy terms and was fair.

Society of Lloyd's initially declined the claim on the grounds that B hadn't proved its claim. It then reconsidered and agreed to pay £30,000. I've looked at the information B provided and the way Society of Lloyd's considered this.

The evidence B provided in support of the claim included a consignment letter, a photograph of the necklace, a drawing from memory of the necklace and a personal statement from an experienced individual.

The necklace was taken by B on consignment from a customer, who I'll refer to as Mrs A, on the basis it would be held by B waiting to be sold at an appropriate time. There is a document signed by Mrs A which records the following:

*"Diamond necklace Value (GBP) £55,000  
[B] will pay [Mrs A] a sum of £20,000 before the 3/5/20 to have the above necklace on consignment"*

Although there's evidence of the value agreed between B and Mrs A, there are no specific details – for example the cut, colour clarity or carat weight. So the information is limited. Mrs A said she'd bought the necklace a long time ago at auction and didn't have a receipt or other documents.

Society of Lloyd's sought a valuation but the consultant said it was difficult to give a valuation based on the limited evidence provided. Ultimately, Society of Lloyd's did make an offer after reviewing all the information gathered in the investigation of the claim.

I appreciate B provided further evidence. And it has also explained about its representative, who has many years' experience. B is frustrated that his opinion wasn't enough to persuade Society of Lloyd's to increase its offer, given his relevant knowledge. However, there's hardly any documentary evidence about the necklace. And despite the individual's knowledge, a valuation based on a photo of the necklace and someone's memory of something he hadn't seen for a long time, wouldn't carry as much weight as properly documented evidence taken at the time, rather than a year later.

Society of Lloyd's says the only real new information B provided was a valuation done in August 2023 which is based on the original limited documentation. It says if that valuer has a provable track record of providing accurate valuations from photographs and drawings, potentially their valuation could be used as evidence but it wouldn't be the same as having original documents made at the time. I think that's a fair comment.

Bearing in mind B are professionals in this area it's reasonable to expect them to keep proper records – and that's a requirement of the policy. Indeed, it's a condition precedent that it supplies the information society of Lloyd's requested. This means if B doesn't meet the condition then on the face of it, it's not entitled to indemnity at all.

There's a good commercial reason for that term and a clear link between it and the claim; without evidence of the loss and the value, it's difficult for Society of Lloyd's to assess the claim. I've taken account of B's comments about the valuation and thought about the weight to be given to valuations based on photos and memory of the necklace. On balance I don't find them persuasive enough to say Society of Lloyd's decision was unfair, particularly bearing in mind it's for B to prove its claim.

For the reasons set out above, I consider the way Society of Lloyd's dealt with the claim was in line with the policy terms and was fair.

### **My final decision**

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 6 October 2023.

Peter Whiteley  
**Ombudsman**