

The complaint

Mr O complains about AXA Insurance UK PLC (AXA) who declined his claim under his home insurance policy.

What happened

Mr O held a policy with AXA since 2019. His partner lost a ring inside their home and despite their best efforts, they were unable to locate it. Mr O made a claim against his policy. During the investigation of the claim, it was found that the ring had been lost inside the home. AXA said that as the ring was lost inside the home and Mr O hadn't selected personal possession cover (PPC), the claim would be declined.

Mr O said that during the sales process he was led to believe that PPC, was covered. He felt that the decision to decline his claim was unjust and unfair, so he complained to AXA. In its final response, although it sympathised with Mr O, it said that as he hadn't chosen to upgrade his policy with PPC and pay the additional premium, there was no cover for the loss of the ring. So, its decision to decline was correct. It did however, award £25 compensation for the trouble and upset caused, given that there was some delay during the claims process.

As Mr O had been given his referral rights, he referred a complaint to our service. One of our investigators considered the complaint and didn't think it should be upheld. He said that Mr O's policy provided cover for specified perils, such as theft, storm, fire and so on. He said that the policy documents made it clear that there were additional extras that could be added to the policy, to provide extra reassurance. One of those additional extras was PPC. Mr O didn't select PPC, so the loss of the ring wasn't covered. As Mr O hadn't selected PPC, and the ring was lost, there was no cover under the policy. He agreed that AXA hadn't been unfair to decline the claim.

AXA accepted the view, Mr O did not. He believed that he had selected PPC. He said that in any event, the policy allowed cover for items that were valued up to £2,500. And as the ring was far less, it ought to be covered. So, he asked for a 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.

Having done so, I won't uphold this complaint, for much the same reasons as our investigator. I understand that this might be a disappointment to Mr O, but I hope my findings go some way in explaining why I've reached this decision.

I've considered both parties comments, and the evidence they've provided. I think the main issue of this complaint is whether AXA was fair to have declined the claim, under the policy terms and conditions.

I think the starting point of this complaint is to see what is and what isn't covered under the policy. I note that Mr O initially obtained cover in 2019 and this he renewed annually until 2022. The policy that was initially selected was for standard cover. I can see that there were additional extras that could be purchased at an additional premium.

The standard policy provided cover for: *'Your contents are covered for loss or damage by the following causes: 1 Fire, smoke, explosion, lightning or earthquake. 2 Riots, civil commotion, labour and political disturbances or strikes 3 Malicious damage or vandalism, theft, storm or flood.'*

So, there were specific perils that were listed and loss of an item, wasn't one of them.

Having reviewed the policy, it seems that the added extras such as the PPC had to be selected by the customer at an additional cost. I can't see that Mr O selected this cover, either in 2019 or when the policy annually renewed.

AXA said that had Mr O selected PPC, then this would've meant that cover was provided for loss in or away from the home. This meant that the cover was restricted to the perils outlined in the policy, albeit up to the value of £2,500 per item. Consequently, as the PPC wasn't added, then I'm satisfied that the claim was correctly declined.

I understand that Mr O has a separate complaint regarding the sale of the policy. And I make it clear that I won't be addressing that complaint here.

I appreciate that Mr O is likely to be disappointed with this decision, but in the overall circumstances of this complaint, I'm not satisfied that AXA were unfair or unreasonable, to decline the claim based on the policy terms and conditions. Accordingly, there is nothing further that I can reasonably direct AXA to do.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 14 December 2023.

Ayisha Savage
Ombudsman