



it or by way of a cash settlement. However, insurance companies are expected to be reasonable when deciding what option to go for.

Opting for replacement is only likely to be reasonable if the object being claimed for can actually be replaced. If the item is a piece of antique jewellery, insisting that the consumer buys a modern replacement from a high street retailer is unlikely to be appropriate. It may also be unreasonable to limit a policyholder's choice of replacement

pieces more similar in style to those that had been stolen.

The insurance company told Mrs Williams that it was within its rights simply to offer to replace the item and was not prepared to offer a cash alternative. When the ombudsman investigated the case, it was clear that Mrs Williams would not be able to find suitable replacements for the items from the retailer specified by her insurer. Her request for a cash settlement seemed perfectly reasonable, and so

Insurance disputes

If you have made a special purchase for someone important in your life, or have been given a distinctive item – like jewellery or something for the home – you will know that the significance of these items goes well beyond solely their monetary value. They are often treasured for emotional and sentimental reasons. So it's not surprising that when an item of this nature is lost, stolen or damaged, it can cause considerable distress.

Every year the Financial Ombudsman Service – the free service set up by law to settle complaints between consumers and financial firms – helps to settle insurance disputes involving much-loved items that have been lost or damaged.

While most household policies provide 'new-for-old' cover, it's usually left to the insurance company (not the policyholder) to decide whether a claim for a lost or damaged item should be settled by repairing the item, replacing

to a particular retailer if there are no similar pieces of jewellery available in that store. And in some cases, a consumer may not wish to purchase a replacement at all – particularly where circumstances have changed or the object had sentimental value. In a case the ombudsman recently investigated, Louise Williams returned home from work to discover a number of items had been stolen from her flat – including some jewellery which she had inherited and which she had been particularly fond of. She contacted her insurance company to make a claim. While the insurer said it was prepared to meet the claim, it insisted that Mrs Williams replaced the item from a specific retailer. Mrs Williams visited the shop, but they did not stock any similar pieces of jewellery to what was stolen. So she asked if, in the circumstances, the insurance company would be prepared to give her a cash settlement instead – to give her the opportunity to find

the ombudsman told the insurance company to pay the appropriate amount for the items.

Generally, an insurance company will want to see some "proof of ownership" before meeting a claim for a particular item. In the case of Adam Brown, he had made a claim under his home contents insurance policy for the loss of a designer watch that had been a retirement gift. Mr Brown said that he had been hiking in the Cairngorms when he lost the watch and had reported the loss to the police and had a crime reference number.

Mr Brown said he had found a replacement watch for £1,450 (just within the policy limit of £1,500 for a single item). But he told the insurer that he did not have a receipt, as the item had been a gift. The insurance company said it would only offer £370 – the maximum it could offer for an item without proof of ownership.

The ombudsman investigated, and Mr Brown stressed that he did not have a receipt because the item was a gift. To help identify "proof of ownership", the ombudsman asked if he could provide the watch guarantee instead or a copy of the credit card statement of the person who bought the gift – or even a photo of him wearing the watch. Mr Brown decided at this stage that he no longer wished to pursue the matter.

Most people who have to make a claim for a lost, stolen or damaged item, find that the insurance company deals with their claim swiftly and efficiently. However, if things don't run smoothly the Financial Ombudsman Service may be able to help. Set up by law, it provides a free service and has official powers to settle a wide-range of financial disputes. If the ombudsman finds that the firm involved has done something wrong, it can order things to be put right ■

To find out more, visit: <http://www.financial-ombudsman.org.uk> or phone 0845 080 1800.



Keep your belongings SECURE

- Always lock doors and windows when popping out. Most insurance policies have minimum security requirements – so check your existing locks and alarms meet the terms and conditions in the policy.
- Look at your policy to review your cover – and remember to check your policy monetary limits and exclusions.
- Speak to your insurer about individual items of value, such as jewellery, cameras, computers and phones and, if required, make sure these are covered outside the home.
- In the unlikely event that you need to make a claim, make sure you contact your insurance company and the police as soon as possible.