

The complaint

Ms S is unhappy with how Lloyds Bank General Insurance Limited (Lloyds) settled a claim made under her contents policy.

Any references to Lloyds include its agents.

What happened

Ms S lost one of a pair of earrings she owned. She contacted Lloyds to make a claim and as part of the claims process, sent the remaining earring to a company recommended by Lloyds. They said they couldn't make a replica of the missing earring and offered Ms S cash settlement. There were some issues with the valuation that formed first amount, but Ms S was later offered a higher amount, which she accepted.

Ms S says she wanted the remaining earring returned to her. However, she was told this wasn't possible as she'd accepted a cash settlement for a pair of earrings, not a single one. Ms S was told she'd have to buy back the remaining earring.

Unhappy with this, Ms S complained. Lloyds issued two final response letters. The first offered £300 compensation as the initial settlement offer wasn't based on an accurate valuation of the earrings. In the second letter, Lloyds said the information Ms S had been given was correct. They couldn't replace the missing earring so offered a voucher to settle the claim based on a pair of earrings. That was why they wouldn't return the original earring unless Ms S chose to pay for it.

Ms S referred her complaint to this Service. She said she was unhappy with the decision to require her to pay for the original earring to be returned and with how long it took for the claim to be settled. It was considered by our investigator who said Lloyds hadn't acted unfairly. As Ms S didn't agree with the investigators' findings, this matter has been passed to me.

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 understand these earrings held sentimental value to Ms S, so finding one missing was upsetting. I'm sorry Ms S experienced that. I understand after the last final response letter in September 2023, Lloyds issued a voucher for the earrings to be replicated for Ms S. The outstanding issue here is whether it was fair for Lloyds to require Ms S to pay to have the remaining original earring returned to her. In order for me to say Lloyds has acted unfairly, I'd need to see evidence it had departed from how the policy terms require then to settle a claim.

Having considered the information provided, I'm sorry to disappoint Ms S, however I've reached the same decision our investigator. I'll set out why below.

The policy terms say:

*“If **we** replace something, **you** might have to give **us** all the items that **we** have replaced.”*

Ms S tells us the earrings have been replicated. So, the claim has been accepted and Lloyds have taken steps to put things right, in that they have arranged to replace the missing earring so Ms S has a matching pair. Whilst not the original earrings, by replicating a pair of earrings as a replacement, Ms S is back in the position that she was in before the original earring was lost, in that she has a complete pair.

I'm satisfied Lloyds replaced the missing earring by way of the voucher to have the earrings replicated. And while I can understand the original pair of earrings hold a great deal of sentimental value, I can't say Lloyds' position in asking Ms S to pay to receive the original earring back is unreasonable. This is because if they provided it as Ms had asked, at the end of this process Ms S would have been in possession of three earrings, whereas before she made her claim, she had two. If Lloyds had returned the original earring to Ms S as part of settling the claim, it wouldn't have been in line with the extract from the policy terms above. So, I'm not going to require Lloyds to return the original earring to Ms S for free or to reimburse any fee Ms S paid to return it.

I can see the loss of the earrings was upsetting for Ms S. And the fact they were initially undervalued would have added to the upset she experienced as a result of discovering one of the pair was missing. The original valuation for an insufficient amount caused Ms S avoidable upset and worry, and Lloyds also acknowledged the claim was unnecessarily delayed. But I consider the £300 compensation paid by Lloyds is a fair amount in the circumstances.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 16 May 2024.

Emma Hawkins
Ombudsman