

## **The complaint**

Mrs F and Mr R are unhappy with the cash settlement they've been offered by U K Insurance Limited (UKI) following a claim under home contents insurance policy.

Any reference to UKI includes all its agents.

## **What happened**

Mrs F and Mr R have a home contents insurance policy. UKI is the underwriter.

In October 2023, Mrs F and Mr R contacted UKI to report that Mrs F's gold chain and ruby cross had been lost. UKI appointed one of its suppliers to validate the claim. Mrs F and Mr R provided receipts of their purchase which confirmed they were purchased for \$230 in 2019 (ruby cross) and for £169 in 2021 (gold chain). The claim was assessed, and UKI offered a cash settlement for £800. The cash offer was respectively £620 for the cross and £180 for the chain.

Unhappy with the cash settlement, Mrs F and Mr R provided their own quote from a bespoke jeweller for £3,600. UKI reviewed the quote but maintained that its original valuation was correct. The offer from UKI remained unchanged. UKI says the offer is based on the proof of purchase and the photographs that Mrs F and Mr R provided, and, on the cost UKI would have to pay through its suppliers.

Mrs F and Mr R made a complaint to UKI. It maintained that the cash settlement offer was fair. It said there was no original valuation of the piece and Mrs F and Mr R weren't able to verify its source. UKI also said the service it provided wasn't to the standard Mrs F and Mr R should expect and offered £150 compensation in recognition of this.

Unhappy with UKI's response, Mrs F and Mr R brought their complaint to this service. Our investigator didn't uphold it. She thought UKI couldn't replace the ruby cross, so UKI has acted within the terms of the policy by offering a cash settlement. And she considered the approach taken by UKI when valuing the items. No further valuations had been carried out since the cross was purchased so she thought, on balance, she was more persuaded by the approach taken by UKI when valuing the cross. She thought UKI had acted fairly in offering a cash settlement for the claim.

Mrs F and Mr R didn't agree. So, the matter's been referred 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.

UKI's accepted that Mrs F and Mr R has a valid claim under her policy. So, the issue for me to decide is whether its offer of settlement was fair.

I note that UKI offered Mrs F and Mr R £150 compensation for the poor communication and delays they experienced. I won't be commenting on this issue as this wasn't raised when the

complaint was brought to our service.

I also note that the main issue in contention is the settlement offered for the ruby cross rather than the chain. So, my decision will focus on the cash settlement offered for the ruby cross.

The policy says that UKI can settle a claim in a number of ways. That is, replace or repair an item, pay the cost of replacing or repairing an item up to the amount it would cost to replace or repair using UKI's own suppliers, or make a cash payment.

So, UKI is entitled to provide a cash settlement for the lost item and can limit that cash settlement to the amount it would have cost it to repair or replace the item. I don't find this term to be unusual. In fact, it's typical of insurers to limit settlements. Insurers receive discounts from suppliers, which is a common feature of the insurance industry.

- From the notes I have available, I can see UKI's supplier wasn't able to replace the cross. This was because there was no recent valuation of the item, so it relied on the original receipt and the photographs Mrs F and Mr R provided. The claim was assessed by an experienced and accredited valuer. The ruby was assessed as middle commercial quality and was validated by the 'World-wide' pricing tables.
- Mrs F and Mr R purchased the cross for \$230 but since then there's no evidence of a further valuation carried out. I can see UKI's suppliers did try contacting the original seller, but they didn't respond. While there was no response, I can see UKI did attempt to make contact which I think is fair.
- I've considered that Mrs F and Mr R have also provided their own quotation which amounts to a much higher amount for the item. I understand that the price quoted would also have a retail mark-up. But there's no other evidence available to support the value of the cross and therefore UKI's supplier assessed the cost of replacement using the description provided on the receipt. I also note the challenges on the availability and the cost of the rubies from the country that it was purchased which include factors not within the control of UKI or Mrs F and Mr R.
- Having therefore considered the approach taken by UKI's supplier, on balance, I'm more persuaded that the valuation it arrived at for the ruby cross is fair and reasonable, based on the evidence available. In the absence of a pre-loss valuation, UKI has offered a cash settlement of £620 for the cross and I think that's fair and reasonable.
- I acknowledge Mrs F and Mr R's comments that a replacement for the item hasn't been offered by UKI. I've considered this but as there was no recent valuation for the item, UKI has only been able to provide a cash value based on the original receipt and the photographs.
- I realise that evidence on this complaint is contradictory, and I have to decide therefore on the balance of probabilities. I have weighed up the evidence and on balance, I find UKI's valuation to be more persuasive. I'm sorry to disappoint Mrs F and Mr R and I'm sorry that they've lost an item of jewellery which was of great sentimental value. But taking everything into account, I'm satisfied that UKI has acted fairly and reasonably by offering them a cash settlement for their claim for the ruby cross and the chain.

For these reasons, I won't be asking UKI to review the settlement it has offered for this claim as, in the circumstances, I think it's fair and reasonable.

**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 Mrs F and Mr R to accept or reject my decision before 29 July 2024.

Nimisha Radia  
**Ombudsman**