

The complaint

Mrs O is unhappy with her content's insurance claim with Ageas Insurance Limited.

What happened

Mrs O has a contents insurance policy underwritten by Ageas that provides cover for replacing, repairing, or rebuilding items or paying a cash equivalent.

In July 2021 she made a claim following a theft at her house where the door was damaged, and jewellery was taken. Ageas accepted the claim and appointed an agent to assist them in validating the stolen items. Ageas then offered Mrs O various settlement options.

Mrs O remained unhappy and referred the matter to our service. She explained her jewellery can't be replaced with vouchers. And the cash settlement should reflect the value of the jewellery - not the cost for Ageas to replace it.

Our investigator looked into what had happened. She said Ageas had been reasonable in their options to settle the claim. Mrs O disagreed. In summary she said:

- Certain items no longer exist in the marketplace due to their age. So for those there can't be any reasonable replacement or match
- She should be receiving the item's worth rather the cost of a replacement for an item that no longer exists
- Each item should be settled individually
- There should be a voucher option for the full value of the claim
- She remained unhappy with the way Ageas had calculated the cash settlement

The case has now 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 rules and industry guidelines say Ageas has a responsibility to handle claims promptly and fairly. And they shouldn't reject a claim unreasonably.

The terms and conditions of Mrs O's policy say:

"We will settle your claim by either: Replacing, repairing, or rebuilding items (dependant on which will be more cost effective), or paying you their cash equivalent, based on what it would cost us to replace the item(s). We will decide which option is most appropriate

I understand Mrs O disagrees with how Ageas have used the term replacement, because many of her items were collectables and no longer available. She therefore feels Ageas are wrong in how they have reached settlement on her claim. But the insurance policy that Mrs O took out was for replacement cover, not to cover the item's actual value/worth.

Ageas said they could replace all but one of the items Mrs O claimed for and offered a cash settlement of £4,927.17. They provided evidence of their validation report and explained the settlement figure was the cost for them to replace the jewellery with their supplier. I'm satisfied the settlement figure is fair and based on the cost of replacement. And I don't think it was an unreasonable way for Ageas to calculate the cash settlement.

As Mrs O was unhappy, Ageas also offered her other options – such as vouchers from other retailers. And additional cash top ups for the sovereigns that couldn't be replaced. They also offered a personal jewellery service with the supplier, worth £8,727.19 which would allow Mrs O to have bespoke jewellery made to be as close to her original items as possible, or any jewellery of her choice.

I appreciate why Mrs O doesn't think the voucher or the bespoke jewellery was a suitable option for her in the circumstances - it's difficult to replace sentimental or collector's items exactly. But Ageas acted in line with the policy terms and provided multiple options to Mrs O to try and help resolve the matter. So I don't think she was treated unfairly.

It's not uncommon for insurers to offer a reasonable match as a 'replacement'. Policies are in place to indemnify a customer, and I feel Ageas have been fair in their settlement options for Mrs O.

Mrs O has said her items should have been settled individually. Whilst I appreciate why this may have made it easier for her, I don't think the way Ageas has collated or calculated their settlement options is unreasonable.

I know this will be disappointing to Mrs O as she feels strongly that she should be given the cost of her items worth, rather than the cost of replacement. But that's not the type of policy she has. I think the options provided by Ageas for a cash settlement, vouchers to find replacements and the offer to make new jewellery were reasonable and in line with the terms of her policy.

My final decision

For the reasons set out above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 27 October 2023.

Georgina Gill
Ombudsman