

The complaint

Mrs P is unhappy with the way Admiral Insurance (Gibraltar) Limited settled a claim she made under her home contents insurance policy.

What happened

Mrs P was visiting a friend in Europe when she noticed that one of her bracelets was missing after returning from a shopping trip. She contacted Admiral and made a claim under the section of her policy that covered her for loss or damage away from home. Admiral asked one of its suppliers (company L) to handle the claim. Mrs P said company L valued the bracelet at about £4,000 but as it wasn't a specified item on her insurance schedule, her cover was capped at £1,000. Admiral offered her a voucher for that amount, to be used at company L. It waived her excess of £250. Mrs P couldn't find anything resembling her lost bracelet on company L's website and she thought their prices were over inflated. So, she asked Admiral for a cash settlement. Admiral said it received a 40% discount on vouchers from company L and said it would only pay her £580 in cash as that is the amount it cost Admiral to buy the voucher.

Mrs P accepts she was underinsured but she doesn't think Admiral has treated her fairly. She wants Admiral to honour the £1,000 stated in her policy, minus the excess of £250. Our investigator thought Admiral had acted fairly by limiting the settlement to £1,000. And when Mrs P didn't accept the voucher, she thought it was reasonable for Admiral to reduce the cash settlement to what the voucher would have cost. Mrs P thought this disproportionately benefited Admiral but our investigator was satisfied company L could offer a reasonable replacement and any cash settlement could be limited as per the terms of her policy.

As Mrs P remains dissatisfied, her complaint has been referred to me for a final decision.

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've decided not to uphold Mrs P's complaint. I know she'll be disappointed with my decision, so let me explain why I think it's fair.

Mrs P accepts she was underinsured. She had a number of high value items specified on her insurance schedule. But she confirmed that the bracelet she lost wasn't specified. And that meant the bracelet was only covered for £1,000. The excess on Mrs P's policy was £250 so Admiral could have deducted that amount from the settlement but chose not to and waived the excess.

I don't think it's unreasonable for Admiral to offer Mrs P a voucher. The terms and conditions of her policy say that in circumstances such as this Admiral will replace the item as new or pay in cash or vouchers up to the amount it could repair, restore or replace the item. I also don't think it's inherently unfair of Admiral to reduce the settlement when Mrs P said she wanted cash rather than a voucher. Her policy says it will pay in cash or vouchers up to the

amount it would cost Admiral to replace the item. And Admiral has explained it was able to buy the voucher from its agent at a 40% discount. So, I think it's reasonable that it offered to give Mrs P £580, which was the amount it paid for that voucher.

Mrs P's point is that she's been disadvantaged by the way Admiral decided to settle her claim as she believes company L's prices were over inflated and didn't provide value for money compared to other retailers. She's provided some images in support of that argument, comparing bracelets on company L's website to similar items from other retailers.

I can understand Mrs P's concern. I think it's right that when offering vouchers, insurers make sure they allow consumers enough choice to enable them to buy items that offer value for money. But looking at the information Mrs P has provided, I'm not persuaded that Admiral has treated her unfairly. She's compared two 9 carat gold bracelets on company L's website with a similar 9 carat gold bracelet on another site that's cheaper. And a 24 carat gold bracelet on another site that is more expensive. She's also compared an 18 carat gold bracelet on company L's website that is significantly more expensive than similar items on other sites. I've considered the evidence carefully and looked at the various websites myself. There are a range of different value bracelets on company L's website and, on balance, I don't think the information she's provided is conclusive evidence that company L provided poor value for money.

I can understand Mrs P's disappointment at having to replace a £4,000 bracelet with one valued at £1,000 but I don't think that's the fault of Admiral. And while she doesn't believe company L provided reasonable value for money, I don't think the evidence she's provided is sufficient to demonstrate that. So, in light of the above, I think it was fair for Admiral to offer Mrs P a voucher for £1,000. And a reduced cash settlement when she chose that option.

My final decision

For the above reasons, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 1 February 2024.

Richard Walker
Ombudsman