

The complaint

Mr S and Mrs S complain about the offer made by Ageas Insurance Limited to settle an insurance claim for a lost necklace.

What happened

The background to this complaint is well known to both parties, so I'll provide only a brief summary here.

Mr S and Mrs S have home insurance underwritten by Ageas which covers their home and its contents. It also covers personal possessions away from the home.

They made a claim in January 2023 after discovering that a necklace had been lost. They think it was most likely lost whilst they were on holiday a few months previously.

Ageas accepted the claim and asked their agent to provide a replacement. Because the necklace was no longer made by the manufacturer it was impossible to replace it directly.

The agent – an expert jewellery company – estimated that a similar necklace could be obtained at retail for £2780. And they offered Mr S and Mrs S that amount on a card which could be used with certain suppliers.

Mr S and Mrs S weren't happy with that and asked Ageas to make a cash settlement offer. On that basis, they were offered £1,556.50 (less an excess). This was the amount Ageas would have had to pay their agent to provide a replacement for the necklace.

Mr S and Mrs S made a complaint to Ageas. They didn't want to accept the card settlement because it could only be used at certain outlets and couldn't be used to purchase items at sale prices. And the cash offer was too low to allow them to replace the necklace.

They also said their own jeweller had said a suitable replacement would cost £3,000.

Ageas didn't uphold Mr S and Mrs S's complaint. They said the offers were fair and in line with the terms and conditions of Mr S and Mrs S's policy.

So, Mr S and Mrs S brought their complaint to us. Our investigator looked into it and didn't think Ageas had done anything wrong.

Mr S and Mrs S disagreed and asked for a final decision from an ombudsman.

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.

There's no real dispute in this case about what the policy terms say. They say Ageas will replace lost items or make a cash offer to settle a claim. And they're clear that Ageas will decide which way (replacement or cash) to settle a claim.

They also say Ageas may use one of their partners to replace an item. But if the policyholder chooses instead to obtain a replacement themselves, Ageas will only pay what it would have cost them to replace the item through their partners.

I'm assuming Mr S and Mrs S were aware of the terms of the policy when they bought it. If not, that's not Ageas' fault.

In this case, Ageas agent said that in their expert opinion the necklace could be replaced with a close equivalent at a retail cost of £2,870. That's close enough to the estimate given by Mr S and Mrs S's own jeweller (£3,000) to satisfy me that the agent's valuation isn't unreasonably low.

In other words, I don't think it was unfair or unreasonable for Ageas to conclude – on the basis of the information provided by their partner – that Mr S and Mrs S could satisfactorily replace the necklace if they were given a card to the value of £2,870 to spend with a range of suppliers.

As I say, the policy terms are clear that Ageas will decide how to settle a claim. And their offer of £2,870 on a card is a fair and reasonable way to settle this claim.

Ageas went beyond that and gave Mr S and Mrs S the option of a cash settlement. And they did so in line with the terms and conditions of the policy.

The documents we have in hand show that the partner organisation were willing and able to supply Ageas with a replacement for the necklace at a cost to Ageas of £1,556.50.

Ageas can achieve discounts from their suppliers in these circumstances. And that means any cash settlement – which will be in line with what Ageas would have had to pay to replace the item in question – will inevitably be lower than the retail cost to the customer of the same item.

However, it's reasonable for Ageas to conclude that the card settlement on offer would allow Mr S and Mrs S to replace their necklace. It's Mr S and Mrs S's option to take the lower cash offer if they prefer.

But Ageas have not only applied the policy terms, they've also kept to the spirit of the policy in properly indemnifying Mr S and Mrs S for their loss by giving them a means (the card settlement) to replace the lost item at no further cost to themselves.

My final decision

For the reasons set out above, I don't uphold Mr S and Mrs S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs S to accept or reject my decision before 23 August 2023.

Neil Marshall
Ombudsman