

The complaint

Mr and Mrs G complain about the settlement U K Insurance Limited (“UKI”) paid them after they made a claim under their home insurance policy.

UKI is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of its agents. As UKI has accepted it is accountable for the actions of the agents, in my decision, any reference to UKI includes the actions of the agents.

What happened

In mid-2023, Mr and Mrs G made a claim under their home insurance policy with UKI after Mr G lost his hearing aids.

UKI accepted their claim and paid Mr and Mrs G £1,916 (minus the £200 policy excess) to settle it. This amount was much lower than the cost of purchasing replacement hearing aids from Mr and Mrs G’s chosen supplier. They were also unhappy that UKI’s agents hadn’t discussed the settlement with them before paying it. So, they raised a complaint.

UKI said it wouldn’t pay more than the amount its own suppliers would charge it to replace an item if a cash settlement is preferred. It said its suppliers had given Mr and Mrs G the option of returning the hearing aids they’d purchased to their suppliers and UKI’s suppliers would replace them identically at no extra cost. However, Mr and Mrs G had refused this option.

UKI acknowledged its communication with Mr and Mrs G had been poor and sent them a payment of £100 to compensate them for this.

Mr and Mrs G remained unhappy and asked our service to consider the matter. Our investigator didn’t think their complaint should be upheld. She thought UKI had settled the claim fairly, in line with the policy’s terms and conditions.

Mr and Mrs G disagreed with our investigator’s outcome. Mr G said UKI hadn’t informed him that he would have to go via its hearing aid suppliers. He said UKI had paid him a cash settlement to cover the full cost of replacement hearing aids when he’d previously made a claim. He said he’d been left £800 out of pocket because UKI’s settlement didn’t cover the cost of his new hearing aids. So, the complaint has 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.

Having done so, I’ve decided not to uphold Mr and Mrs G’s complaint. I’ll explain why.

The policy’s terms and conditions set out how UKI settles claims. They say:

“For any personal possession, set or part of a set that is lost or damaged we will choose whether to:

- replace or repair the item or part*
- pay the cost of replacing or repairing the item or part, up to the amount it would have cost us to replace or repair using our own suppliers, or*
- make a cash payment.*

We won't pay more than the amount it would have cost us to replace or repair using our own suppliers.

If appropriate parts or replacement items are not available, we will pay the full cost of the item, provided the sum insured is adequate.”

UKI says Mr and Mrs G were given the option of being provided with replacement hearing aids. However, they chose to purchase the same hearing aids from a different supplier.

I appreciate Mr and Mrs G didn't want to delay getting replacement hearing aids. However, UKI said it would be willing to provide identical hearing aids if Mr G was to return the ones he'd received from his chosen suppliers.

I understand that Mr and Mrs G were expecting UKI's settlement to be based on the full replacement costs of the hearing aids because this is what happened when they made a claim previously. However, the policy's terms and conditions set out how a claim will be settled. Mrs G told us that UKI said there would be a difference in the amount they would need to pay if they chose not to go with UKI's approved supplier, but she wasn't expecting the difference to be so much.

Mrs G told us they were very happy with the aftercare Mr G received from their chosen suppliers. But she also said UKI told her he would receive aftercare if the hearing aids were supplied by its approved suppliers. And I haven't seen anything to suggest that this wouldn't have been adequate.

UKI has acknowledged that its communication with Mr and Mrs G was poor. Mr and Mrs G had to make a number of calls because they weren't updated on their claim. UKI also didn't discuss the cash settlement with them before paying it. However, I think the £100 UKI has paid them reasonably recognises the distress and inconvenience they experienced as a result.

I know my answer will be disappointing for Mr and Mrs G. However, I'm satisfied that UKI has settled their claim fairly and in line with the policy's terms and conditions. So, I don't require it to do anything further.

My final decision

For the reasons I've explained, I don't uphold Mr and Mrs G's complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G and Mr G to accept or reject my decision before 8 January 2024.

Anne Muscroft
Ombudsman