

The complaint

Mr G and Mrs G complain that, following a theft, Ageas Insurance Limited unfairly valued their contents claim. For ease, I'll only refer to the main policyholder – Mr G – in my decision.

What happened

Mr G made a claim under his policy for stolen jewellery. He complained to Ageas after being dissatisfied with the insurer's valuation of some of the stolen items. Mr G says the insurer had valued the items too low and that its cash settlement offer was a lot lower than he expected. Mr G is also concerned about the insurer's offer of vouchers, as he felt these were too restrictive and says he wouldn't be able to replace the stolen items using the value of the vouchers. Mr G adds that the service he received from Ageas was poor because of the time it took to deal with the claim.

In its response, Ageas pointed out that Mr G didn't have proof of ownership, so the insurer's jewellery supplier could only base its assessment on standard quality when valuing the items. Ageas added that it is only required to pay Mr G what it would've paid its jewellery supplier to replace the items. Ageas also didn't agree that there were any significant service issues.

Remaining unhappy, Mr G asked this service for an independent review. Ageas has since increased its valuation for one of the items (a ring) Mr G purchased abroad, as Mr G was able to provide proof of purchase. Although Ageas revised its settlement offer for this item, because Mr G couldn't provide evidence of the duty he paid at the time, the insurer removed the value of the duty it says Mr G would've paid.

Our investigator agreed that Ageas had acted in line with its terms. However, the investigator felt that Ageas should've honoured the revised valuation of the ring Mr G provided proof of purchase for, rather than make a deduction for any duty he may have paid.

Ageas accepted the investigator's recommendation and agreed to honour the ring valuation of £1,769.60. Mr G didn't agree because he didn't feel he could realistically purchase replacements with the overall settlement Ageas had offered. He also wants compensation for the time Ageas took to deal with the claim.

Because Mr G didn't agree, the complaint has been passed to me for a final review.

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 that the resolution put forward by our investigator is a fair way to settle this complaint. I'll explain why.

The terms of Mr G's policy say – "Where we can offer to repair or replace through our approved suppliers, but we agree to make a cash payment, the payment will not exceed the

amount we would have paid the approved supplier. If we cannot offer to repair or replace through our approved suppliers, we will pay the full replacement cost with no discount applied”.

What this means is that Ageas’ liability is limited by the amount the insurer would’ve paid its own supplier. Supplier discounts is a common feature of the insurance industry, and it isn’t unusual or unfair for Ageas to limit its costs to what it would’ve paid its own supplier. I can see from Ageas’ valuation, that it offered the full cash value on the items it couldn’t replace via its own supplier and offered a discounted cash settlement on the items its supplier could replace. I think Ageas acted fairly when it offered the discounted cash values to Mr G, as this is what it would’ve cost Ageas to replace the relevant items and this is what the insurer’s terms say it would do.

Ageas’ terms also explain that the insurer can offer vouchers that Mr G can use to purchase replacements. Again, the use of vouchers is a typical way of settling claims like this as insurers receive discounts from voucher suppliers – which helps to keep the overall cost of the claim down. I don’t find this unfair either. Ageas’ is entitled to determine how to settle the claim and if issuing vouchers to Mr G fairly indemnifies him as well as help to keep costs down, then I find this to be reasonable.

Mr G is unhappy that Ageas’ cash settlement is significantly lower than the alternative voucher value. He’s concerned about being unable to replace the items with the settlement offer. But, as I explained, Ageas only needs to pay out what it would’ve paid its own supplier. Voucher costs are discounted for insurers, so for example, a £100 voucher likely costs less for Ageas to purchase. But if Mr G chooses a cash settlement instead, it isn’t unreasonable that Ageas only pays out the amount it would’ve paid its supplier for the voucher.

Mr G claims the vouchers offered are too restrictive – that these can only be used on full-priced items; cannot be used to purchase second-hand jewellery and have a limited period before expiry. Ageas told us that its vouchers are indeed set to expire after 12 months but advised that Mr G can request a renewal up to two times – extending the period of use by up to three years. Ageas doesn’t place any restrictions on what Mr G can purchase. The insurer did point out that jewellers already give discounts to insurance companies and are unlikely to allow the purchase of second-hand items using the vouchers, given that these items already have little profit margins, and the jewellers are therefore likely to make a loss.

This concurs with what Mr G recently told us. But I can’t agree that Ageas has acted unfairly. The only actual restriction in place is a time limit – but this can be extended by up to three years in total. There isn’t anything I’ve seen that suggests Mr G would be unable to use his vouchers within the extended period. And it seems to me that the restrictions that prevent Mr G buying second-hand or discounted items have been put in place by jewellers, rather than Ageas, as a means to avoid making a loss. Given this, I don’t find that Ageas has acted unfairly.

Ageas says its supplier could only value the items based on standard quality, in line with its usual practice. The insurer says this is because Mr G couldn’t provide proof of ownership, which the terms of the policy say Ageas can ask Mr G for. Without such proof and without an alternative reliable valuation, I can’t fairly conclude that the valuation Ageas has reached is unfair.

I can see that Mr G recently submitted estimates for two of the items, which values the items at a significantly higher amount than the valuation Ageas reached. Ageas considered this estimate and pointed out that the estimate was reached without a physical inspection of the actual items, nor did it think this showed the actual value or show proof of ownership. Although I understand Mr G’s frustrations with this opinion, I’m not persuaded that the

estimate he provided is reliable enough for me to ask Ageas to increase its valuation.

Mr G did manage to provide proof of purchase for a ring obtained abroad. Although Ageas initially reduced its settlement offer for this ring by removing the duty it says Mr G would've paid, the insurer has recently agreed to increase its settlement following our investigator's recommendation. This is what I would've expected Ageas to do, so I need not comment on this further.

Mr G would like compensation because of the time taken for Ageas to deal with his claim. I've considered the events after Mr G submitted his claim. I won't set out the specific dates here, but it seems to me that Ageas handled the claim within a reasonable period. I'd like to point out that since Ageas' settlement offer in February last year, the settlement of this claim has been delayed largely because of the valuation dispute.

I can appreciate that the claim remaining open has likely added to the overall emotional impact of the theft. But I haven't seen anything to persuade me that Ageas should pay Mr G compensation. Ageas recognised there was a slight delay when its supplier tried to issue its report, but I'm satisfied the apology Ageas has offered is a reasonable resolution.

For these reasons, I think Ageas has overall handled this claim fairly. The insurer has agreed to increase its valuation for the ring Mr G purchased abroad and I agree that this is the only action Ageas needs to take to settle this matter fairly.

Putting things right

Ageas acted unfairly when it reduced its revised settlement for the ring Mr G purchased abroad. Ageas' revised valuation for this ring is £1,769.60, based on the receipt Mr G provided. So, to put things right, Ageas should increase its settlement offer accordingly

My final decision

For the reasons set out above, I'm upholding this complaint in part. If Mr G and Mrs G accept, Ageas Insurance Limited should increase its valuation in line with what I've set out in the 'putting things right' part of my decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Mrs G to accept or reject my decision before 17 February 2023.

Abdul Ali
Ombudsman