

The complaint

Mr and Mrs J complain about the way Aviva Insurance Limited has offered to settle a claim under their home insurance policy.

What happened

Mrs J lost one of her vintage diamond earrings when it fell out of her ear whilst outside her home. She made a claim on her home insurance policy which Aviva accepted.

Aviva has offered to instruct its jewellery specialist to remake the earrings using the existing stone. But Mrs J isn't happy with this offer as the earrings would no longer be antiques. She raised a complaint, which she brought to our service.

Our Investigator didn't think Aviva had offered a settlement which was in line with the policy terms and conditions, so he upheld the complaint. He said Aviva should either replace the earrings with a vintage pair or pay a cash settlement for the amount it would cost Aviva to replace them.

Mr and Mrs J accepted our Investigator's recommendations, but Aviva didn't. It says it offered to replace the earrings by making a new pair. 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.

The terms and conditions of Mr and Mrs J's home insurance policy say:

"Settling claims

We can choose to settle your claim by

- *replacing;*
- *reinstating;*
- *repairing;*
- *payment.*

Replacement will be on a like for like basis or based on the nearest equivalent in the current market. If we can repair or replace property but agree to make a cash or voucher settlement we will only pay you what it would cost us to repair or replace it.

Pairs, Sets and Suites

If we are unable to repair or replace a damaged item that forms part of a pair, set, suite or any other items of a uniform nature, design or colour we will pay for the cost of replacing undamaged items.

If we ask, you will be required to give us any undamaged items that we have paid to have replaced. We will talk you through this process if requested.”

Aviva can't repair the earring as it's lost. So they must either replace it or pay a cash settlement.

Under the terms and conditions, a replacement will be on a like for like basis. So as Mrs J has lost an antique vintage earring, she's entitled to have it replaced with an antique vintage earring. And as it's part of a set, she's entitled to have the remaining earring replaced also.

I appreciate Aviva has offered to replace the earrings by making Mrs J a new pair with the remaining diamond. But in those circumstances, Mrs J doesn't end up with a like for like replacement. Instead, she has a brand-new set of earrings which are unlikely to be worth as much the antique pair she had.

As such, I'm not persuaded that Aviva's claim settlement is in line with the cover Mrs J can reasonably expect under her home insurance policy.

My final decision

For the reasons I've explained, I'm upholding the complaint and directing Aviva Insurance Limited to settle the claim in line with the policy terms and conditions by either:

1. providing a like for like replacement in the form of a vintage pair of earrings, or
2. pay the cash equivalent of what it would cost Aviva to replace them.

Aviva is entitled to retain the remaining earring as salvage should it wish to and the claim settlement is subject to any applicable policy excess.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J and Mrs J to accept or reject my decision before 14 August 2023.

Sheryl Sibley
Ombudsman