

The complaint

Mr and Mrs B complain about the settlement offer Liverpool Victoria Insurance Company Limited (LV) made following the loss of Mrs B's jewellery, under their home contents insurance policy.

I'll refer to Mr B in my decision for ease.

What happened

In January 2024 Mrs B lost some of her jewellery. This consisted of her engagement and wedding rings as well as a necklace. Mr B made a claim to LV, which it accepted. It offered a cash settlement of £2,046.80 for the rings and £110 for the necklace. It also offered the alternative of vouchers amounting to £2,924 for Mr B to replace the rings. The vouchers were redeemable at two high street jewellery retailers. The policy excess of £400 was payable regardless of the option taken.

Mr B says that he contacted the retailers and couldn't find rings that matched those his wife had lost. He says his wife's wedding ring was crafted to match her engagement ring. Mr B says he visited a jeweller and was advised it will cost £2,800 to make similar rings. LV didn't amend its offer, so Mr B complained.

In its final complaint response LV says its settlement offer was fair. So, Mr B referred the matter to our service. Our investigator didn't uphold his complaint. She says his policy terms allow LV to offer a replacement for the lost items. It had done this by providing vouchers. She says the limit of LV's liability is the amount it will cost it to provide the vouchers. This was the amount offered as a cash settlement.

Mr B didn't think this was fair. He says he can't replace the rings for the cash settlement offered and the retailers where the vouchers can be used don't offer similar rings. Because of this he asked for an ombudsman to consider his complaint.

It has been passed to me to decide.

I issued a provisional decision in July 2024 explaining that I was intending to uphold Mr B's complaint. Here's what I said:

provisional findings

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'm upholding Mr B's complaint. Let me explain.

Mr B's policy indemnifies him in the event of an insured loss. This means LV needs to put him back in the position he was in prior to the loss of Mrs B's rings. I've thought carefully about whether the settlement it proposed does this.

Mr B's policy terms say:

"How will my claim be settled?

If we can offer a repair or replacement through one of our suppliers and you choose not to have the item repaired or replaced or you wish to use your own supplier, we will not pay more than the amount we would have paid our supplier.

If we're unable to offer repair or an equivalent replacement is not available, we'll pay the nearest cash equivalent or current market value of the item at the time of the loss or damage."

The settlement offered for the necklace that was lost isn't in dispute. So, I won't consider that further here.

Mr B provided the original receipt for his wife's engagement ring. This shows the specification, which LV's assessor used to confirm its valuation. This ring was bought from one of the same retailers where LV's vouchers can be used. I understand an exact match wasn't available from the retailer. But based on the specifications Mr B had provided, LV says a close equivalent was available.

Mr B didn't initially provide a receipt for the wedding ring. So, LV based its assessment on a photo he'd provided. It determined a ring was available at one of the retailers that represents a reasonable match for the lost wedding ring. It says Mr B can use its vouchers to replace this ring.

Mr B has since provided the receipt for his wedding ring. This describes it as 9k white gold bespoke diamond set wedding band, with engraving. I note what Mr B says about the jeweller creating the wedding ring to match his wife's engagement ring. As this had been bought around one year earlier.

I've thought about whether LV's offer to use a voucher at one of its appointed retailers represents a reasonable match for the rings Mrs B lost.

In the case of the engagement ring, as this was bought from one of the high street retailers covered by LV's vouchers, I think this does provide the opportunity for Mr B to obtain a reasonably matched or 'equivalent' replacement. The exact ring is no longer available. But LV's approach is to match the specification of the ring against one that is currently available. I think this is reasonable in these circumstances.

However, Mr B has shown that the wedding ring was a bespoke ring made by a jeweller to match his wife's engagement ring. For LV to indemnify this loss it needs to show that its voucher will allow a reasonable match to be obtained from its appointed retailer. There is a sentimental value attached to the rings matching, which I can understand.

I asked LV to demonstrate that its retailer could provide a wedding ring that matched the specification and description Mr B provided. And that this also matched an engagement ring one of its retailers has available.

LV responded to say Mrs B's wedding ring is still available from the jewellers Mr B bought it from. The ring is advertised on its website for £683. I've looked at the information LV provided, which supports the wedding ring with the same specifications as Mrs B's ring, can still be bought. In its response LV says it allowed £1,624 for the replacement wedding ring. I note its comments that it considers this to be "more than fair" and also allows for the bespoke engraving.

I've thought about what LV has said. But it hasn't shown that its retailers can provide a wedding ring, with Mrs B's specifications, to match an engagement ring it has available. And that this will result in both rings matching in the way they did originally. So, I think a reasonable outcome here is for LV to provide vouchers or the cash equivalent (at cost price in line with its policy terms) to replace the engagement ring. And for it to pay the market value of the wedding ring. LV offered £1,137.50 as a cash settlement for this ring. So, to ensure Mr and Mrs B's loss is fully indemnified it's fair that it offers this amount. I think this will reasonably allow for a replacement wedding ring to be made to match the engagement ring and allow for engraving.

I said I was intending to uphold this complaint and LV should allow Mr B to choose one of the following outcomes:

- maintain its offer to provide vouchers for the amount it confirmed to replace both rings; or
- maintain its offer to pay a cash equivalent to settle the rings claim for £2,046.80; or
- provide a voucher for £1,299 for the engagement ring, and a cash payment of £1,137.50 for the wedding ring.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Mr B didn't respond with any further comments or information for me to consider.

LV responded to say that it accepted my provisional findings.

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.

As neither party has made any further submissions or provided further evidence for me to consider, I see no reason to change my provisional findings.

So, my final decision is the same as my provisional decision and for the same reasons.

My final decision

My final decision is that I uphold this complaint. Liverpool Victoria Insurance Company Limited should allow Mr B to choose one of the following outcomes:

- maintain its offer to provide vouchers for the amount it confirmed to replace both rings; or
- maintain its offer to pay a cash equivalent to settle the rings claim for £2,046.80; or
- provide a voucher for £1,299 for the engagement ring, and a cash payment of £1,137.50 for the wedding ring.

*any settlement is subject to the policy excess.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 30 August 2024.

Mike Waldron
Ombudsman