

## **The complaint**

Mr and Mrs N have complained about the amount Royal & Sun Alliance Insurance Limited ("RSA") offered for a claim Mrs N made under their contents insurance policy.

Whilst the policy was jointly held by Mr and Mrs N, in practice Mrs N has dealt with the claim and complaint. So I'll refer to her only.

## **What happened**

The circumstances aren't in dispute, so I'll summarise the background:

- Mrs N took out a contents insurance policy through an independent intermediary, S, in 2012. It renewed annually, during which time it was underwritten by different insurers. At the October 2023 renewal, RSA became the underwriter.
- In early 2024, Mrs N got in touch with RSA after she lost a ring. The ring was specified on the policy with a value of £6,400 and a £600 excess applicable.
- RSA accepted the claim and asked Mrs N for information about the ring to estimate its current value. I understand the ring had been gifted to Mrs N over thirty years ago and she was unable to provide any such information at the time. As a result, RSA relied on the value the ring was specified for.
- RSA's jeweller said it could provide a replacement ring, in line with Mrs N's description, up to the specified value of £6,400. Taking into account discounts RSA had with the jeweller, such a ring would cost RSA around £3,500. Less the excess, that would mean a cash settlement £2,920. RSA paid this amount on 14 May 2024.
- Mrs N then found some information about the ring and shared it with RSA. It was an insurance document from 2006 in which the ring was insured for £6,400. Mrs N thought this meant RSA should increase the cash settlement offer, but RSA didn't agree. Mrs N complained.
- RSA thought it had acted fairly, noting it had accepted the claim despite receiving limited information about the ring to support the claim.
- Our investigator thought RSA should increase the cash settlement to reflect the specified value of the ring. RSA didn't think this was fair and asked for the complaint to be referred to an Ombudsman.

## **My provisional decision**

I issued a provisional decision in which I said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

- Under this complaint, I can't consider anything S or the other insurers were responsible for – I can only consider what RSA was responsible for. That means I can't consider the sale or renewal of the policy, at any time, as RSA wasn't responsible for those matters. Mrs N is entitled to complain about them separately if she wishes. My focus will be on the offer RSA made to settle the claim.
- RSA accepted the claim for the lost ring. The policy says it will settle a claim by repairing, replacing or by making a cash payment – and RSA can decide which option to choose. As the ring has been lost, the repair option isn't relevant.
- The policy goes on to say that RSA will replace an item where it can. But, if it agrees to pay cash, payment will not exceed what it would have cost to replace the item through its jeweller. Effectively, that means the cash payment will take into account the discount RSA gets from its jeweller. However, if RSA can't replace the item, it will pay the full replacement cost with no discount applied. Regardless of the settlement option, the specified value of £6,400 is the maximum RSA will pay.
- The policy also says RSA will require proof of ownership and value for items over £2,500. And if that can't be provided, the claim may be reduced or declined.
- I think these policy terms are fair in principle, and in line with typical contents cover across the insurance industry. The question for me is whether RSA has applied those terms fairly in Mrs N's particular circumstances.
- The policy terms entitle RSA to receive evidence of ownership and value. Given the age of the ring and the nature of how Mrs N owned it, it's understandable she didn't have much evidence along those lines. So I think it was fair for RSA to take this into account and accept the claim despite the limited evidence.
- Accepting the claim doesn't mean RSA is obliged to pay the full specified value. How it should settle the claim, including how much it should pay, is to be determined by the policy terms, the circumstances of the claim, and what's fair and reasonable overall. In part, that will depend on the likely value of the ring. If, for example, the ring was worth £5,000, I don't think it would be fair to expect RSA to pay £6,400 for it.
- I understand RSA offered to replace the ring by arranging for its jeweller to make one, based on Mrs N's description of it, up to the specified value of £6,400. But, as Mrs N had already replaced the ring herself, her preference was for a cash settlement. Nonetheless, I'm satisfied RSA offered a replacement, to the full specified value of £6,400, which is in line with the policy terms.
- As Mrs N preferred a cash settlement, RSA applied the discount it receives from its jeweller, and the excess, and that led to the £2,920 settlement. Again, this is in line with the policy terms.
- As a result, I'm satisfied RSA has acted according to the policy terms. I know that means Mrs N has received a lot less than the ring was insured for. But I don't think that treats her unfairly in the circumstances. She could have benefitted from the full value of cover if she'd accepted the offer to replace the ring. And, as a replacement was offered, the policy simply doesn't cover paying cash to the full specified value. Despite that, there may be times when I think it would nevertheless be fair and reasonable for an insurer to pay a greater cash value for a claim. I don't think this is one of those times and will explain why.

- The insurance document Mrs N provided from 2006 valued the ring at £6,400. If that was an accurate value of the ring at that time, it's likely it was worth more than that by the time of the 2023 policy renewal – but was nonetheless still insured for £6,400. That may mean it wasn't insured for its full value, so Mrs N may have lost out. But that's not something I can fairly hold against RSA as it didn't sell or renew the policy or provide insurance cover prior to 2023. RSA was asked to provide insurance cover for up to £6,400 for the ring in 2023 – and that's what it did. Nor do I think I could say it was reasonable for Mrs N to insure the ring for £6,400 in 2023, if it was worth that much as far back as 2006.
- RSA has noted to this Service that it could have offered Mrs N jewellery vouchers. Depending on the voucher chosen, this would have given Mrs N around £4,300 - £5,000 to spend at specific jewellers. But, as her preference had been a cash settlement, it saw no benefit in making this offer. RSA noted this offer was still available if Mrs N would like to take it. I think it's likely that would involve Mrs N repaying the cash settlement in exchange for a voucher. If this is something she would like to explore, she's entitled to get in touch with RSA about it.
- Overall, for the reasons given, I'm satisfied RSA acted fairly. It's already paid the cash settlement, so there's nothing further for it to do at this time.

### **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.

- RSA accepted my provisional decision. It added that if Mrs N preferred to settle the claim by voucher, it could look into that if she agreed to return the cash settlement.
- Mrs N didn't accept my provisional decision. She said she hadn't been offered vouchers to settle the claim. And she'd wanted RSA to replace the ring by making one, but it wouldn't make one in line with her selection. She also said she'd been insured for 30 years, during which time the value of the ring was never questioned – until she made the claim. She didn't think this was fair.
- I've thought about the points made by both parties in response to my provisional decision, especially those made by Mrs N. Having done so, I remain satisfied RSA has acted fairly. I'll explain why.
- As I set out in my provisional decision, RSA first became the underwriter for the policy in 2023, and the claim was made shortly after. And RSA didn't sell or renew the policy – S did. So this limits what RSA is responsible for.
- In short, RSA was told by S to provide £6,400 of cover for the ring in 2023 – and that's what it did. RSA wasn't responsible for how that figure was reached, or for questioning whether that figure was accurate. So I can't consider any of these things in this complaint against RSA, or potentially hold RSA responsible for not doing any of these things. Put simply, it wasn't required to do any of those things, and I wouldn't expect it to in the circumstances.
- Mrs N is entitled to get in touch with S about the way the policy was sold or renewed, including the matters she's raised in response to my provisional decision. She's also entitled to get in touch with any of the previous underwriters of the policy – before

RSA became the underwriter in 2023 – although they may not be responsible for the matters Mrs N has raised.

- Returning to the claim, for the reasons I set out in my provisional decision, I'm satisfied RSA acted fairly when settling the claim for a £2,920 cash payment. However, it's noted other settlement options remain available to Mrs N – but she would have to return the cash payment in order to receive those options. I'm satisfied that's a reasonable position to take.
- One option is for RSA to settle the claim by voucher. Another is for RSA to replace the ring by having its jeweller make one. But in both cases, it's important for Mrs N to be aware the settlement would still be based on a ring value of £6,400 – and the £600 policy excess would still apply. I understand the ring she initially selected was valued much higher than this, which is why RSA wouldn't have it made.
- Mrs N is entitled to get back in touch with RSA to explore the settlement options if she wishes. But, as it stands, I'm satisfied RSA has acted fairly. So I won't require it to do anything further at this time.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 31 March 2025.

James Neville  
**Ombudsman**