

The complaint

Mr A complains about how Royal & Sun Alliance Insurance Limited (“RSA”) proposed to deal with a claim for damaged audio speakers under his home insurance policy. When I mention RSA I also mean its suppliers.

What happened

Mr A had a home insurance policy with RSA covering his home.

In March 2022 some of his household contents were accidentally damaged. He contacted RSA and made a claim.

RSA agreed to settle his claim. Some other items were damaged at the same time, but this complaint is about audio speakers. RSA collected three speakers that were part of Mr A’s 5.1 surround system. Mr A said he disposed of the two remaining speakers.

Mr A wasn’t happy about the quality of replacements suggested by RSA, and he complained. He provided information saying what he thought was the nearest comparable model. RSA thought this was a significant upgrade and it said it would provide a similar replacement, or cash in lieu up the price it’d pay for them.

As Mr L remained unhappy, he brought his complaint to this service. He asks that RSA settle his claim by supplying the speakers he says are comparable.

Our investigator looked into it and thought it wouldn’t be upheld. He thought RSA’s offer to settle Mr A’s claim was fair.

Mr A didn’t agree with the view. He responded and made several technical points about the exact specification of the proposed replacement speakers.

Because Mr A didn’t agree, his complaint has been passed to me to make a final decision.

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’m not upholding Mr A’s complaint.

At the centre of Mr A’s complaint to RSA is the fact that the two parties can’t agree about the replacement of Mr A’s speakers.

I’m not going to go into the detail of what’s been discussed between them. This service isn’t an expert on the quality of the component parts of speaker cones, but I would like to say to Mr A that I have read the entire file with interest.

When there’s a dispute on how a claim is to be settled, the policy wording is a fair place to start:

“If the damage can’t be economically repaired and the damaged or lost item can be replaced, we’ll replace it. And if a replacement isn’t available, we’ll replace it with an item of similar quality.

If we can’t either economically repair an item or replace it with an item of similar quality, we’ll agree a cash payment with you based on the item’s replacement value.

You can request a cash settlement where we’re able to offer repair or replacement. If we agree to this, the amount we’ll pay won’t normally be more than what we would’ve paid our nominated repairers or product suppliers.”

It seems to me that RSA has said it would replace Mr A’s speakers with a certain set, but he doesn’t agree with the exact version it’s offered and has sent RSA details of what he says are the nearest comparable ones. RSA’s refuted Mr A’s evidence and provided evidence about why it thinks Mr A’s versions would represent a significant upgrade.

I’ve thought about the quality of RSA’s proposed replacements against Mr A’s proposed option. I can see from the file that Mr A has provided a statement from an audio expert about the material used in the speaker cones of his damaged set.

But I can also see RSA’s supplier has provided evidence about the exact material used in the cones. I’m not going to deal with this in depth here, but I’ll mention the cones of Mr A’s damaged speakers contained a material he says is fundamental to the sound he wants to enjoy.

This particular material seems to be less widely used in more recent times than when he originally purchased his speakers. What this means to Mr A is that, when he looks at the current speaker marketplace, he’s not able to easily find speakers with that same material. He has found one set, which is the one he’s proposed as a solution, and I can see that his proposed solution would retail at around £13,000.

RSA has shown that the original price of Mr A’s original speakers would be around £1,100, which adjusts to just over £1,800 today with inflation.

Taking these into account, I think it more likely than not that RSA’s solution is the more appropriate one as it seems to be more in line with the policy wording which says “...we’ll replace it with an item of similar quality”. I think to say RSA needs to replace Mr A’s speakers with a set costing several hundred percent more would lead to considerable betterment for him, and I don’t think that’s fair.

Under the terms of the policy, RSA has the option to offer a cash settlement. From the wording, this would normally apply when repair or replacement isn’t possible.

In this situation, Mr A doesn’t accept the proposed replacement, so I think the fair solution is to say this service would support Mr A claiming the replacement cost of RSA’s proposed speakers instead of having them replaced, and it’s my understanding this option has been given to him previously. I’ll remind Mr A that this replacement cost relates to RSA’s cost of replacement via its nominated suppliers rather than the retail price. As these alternatives were already available to Mr A before he approached this service, I’m not upholding his complaint.

My final decision

It’s my final decision that I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 28 May 2025.

Richard Sowden
Ombudsman