

## **The complaint**

Mr and Mrs T have complained about the settlement offered by Aviva Insurance Limited after they made a claim under their home insurance policy.

Whilst the policy is in joint names, Mrs T has dealt with the claim. So I'll mainly refer to her in this decision.

## **What happened**

Mrs T made a claim to Aviva after she lost a necklace. Aviva accepted the claim. It appointed a jewellery expert to validate it. Based on its expert's advice, it offered Mrs T a jewellery voucher worth £3,500 or a cash settlement of £1,760.

Mrs T wasn't happy with the offer. She complained that she hadn't been given any evidence to support the level of discount made by Aviva for the cash settlement. She thought it was an inappropriate way to replace items of a personal nature. She said nowhere in her policy had Aviva specified the level of discount that might be applied for a cash settlement.

Aviva referred her to the policy wording which said if it made a cash settlement, it only had to pay what it would have paid to replace the item. It didn't change its settlement offer.

Mrs T referred her complaint to this service. Our Investigator didn't uphold it. He didn't think Aviva had treated Mrs T unfairly.

As Mrs T didn't agree, the matter has been referred to me.

## **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.

My starting point is the policy wording. Mrs T's policy sets out how claims will be settled. It says:

*"We can choose to settle your claim by repairing, giving you an equivalent replacement ...or making a payment. ... If we are able to repair or replace your property but agree to settle using cash or a voucher, we will only pay you what it would cost us to repair or replace it."*

This isn't an unusual term. For claims involving jewellery, settlement options are often a voucher or cash. The amount of a cash settlement is usually a lot less than the value of the voucher to reflect the fact that insurers can negotiate large discounts with retailers that aren't available to the general public. I don't think that's unfair and it benefits consumers overall by reducing the cost of claims.

Mrs T has complained about the terms of the vouchers and the restrictions on their use, in particular that they can't be used to buy sale or second-hand items. It's a fundamental principle of insurance that a policy holder shouldn't generally benefit from making a claim for

a loss. The restrictions prohibiting the use of the voucher to buy higher value items than the ones a policyholder had prior to the loss unless they pay the difference in cost stem from this principle. I don't think that's unfair.

I haven't seen any evidence that Aviva's nominated retailers wouldn't be able to supply a necklace of similar style and quality to the one Mrs T lost for the value of the voucher she's been offered. So I'm not persuaded she's been disadvantaged by this.

I appreciate that the discount for a cash settlement is substantial and that this might seem unfair to Mrs T. But I've no reason to believe this figure doesn't reflect the actual discount Aviva has been able to negotiate for itself. Aviva's offer is in line with the policy terms and I don't think it would be reasonable for me to require it to increase its cash settlement offer in this case.

As I understand it, Mrs T thinks the amount of the discount should be set out in the policy to make consumers aware of it. I can see that this might be helpful in some circumstances. But this service isn't a regulator and it isn't part of our role to tell businesses how they should operate. My role in this complaint is to decide whether Aviva has treated Mrs T fairly and reasonably. In this case I think it has done so.

### **My final decision**

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs T to accept or reject my decision before 16 September 2025.

Elizabeth Grant  
**Ombudsman**