

The complaint

Mr M and Ms W made a claim for a lost ring on a home insurance policy. They are unhappy with the value Tesco Underwriting Limited has offered them to replace the ring.

What happened

Both parties are aware of the events that led to the complaint, so I won't repeat them in detail here. Instead, I'll focus on providing my reasons for my 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 I agree with the conclusion reached by the Investigator that the complaint should be upheld. I do so for the following reasons:

- Mr M and Ms W have provided valuations for the ring concerned; however, this is only relevant to the amount the ring should be insured for under the policy and the maximum amount an insurer would be liable to pay under the specified items section.
- As the ring has been lost, the relevant policy term says that where Tesco has offered to repair or replace any item and a request has been made for a cash value, it will not pay more than the amount it would have cost it to repair or replace the item.
- Since the complaint came to this Service, Tesco has revised its valuation to take into account changes in material costs, it has now offered Mr M and Ms W £9,158.40. Having reviewed the valuation I have checked the quality and clarity of the stones quoted for match that of the lost ring and that Tesco has factored in that this was a bespoke design. I'm satisfied the replacement quotation Tesco has provided is reasonable.
- I realise the amount offered is significantly lower than the replacement quotation Mr M and Ms W have obtained, and their disappointment with this. Tesco can benefit from commercial discounts which means the cost for it to replace the ring will be less than Mr M and Ms W would be quoted by an independent jeweller.
- I can see the Investigator has checked that Tesco can arrange for a jeweller to remake the ring for that cost rather than it being a 'desktop' valuation. And, I'm satisfied it has shown that it can. Had it not been able to, I may have been more persuaded that to properly indemnify Mr M and Ms W it would be fairer for it to pay what they have been quoted. However, that isn't the case here.
- Before taking out a new policy (as the previous one had lapsed) Mr M had a conversation with a Tesco's agent where he asked hypothetical questions about what would happen in a claims situation and whether he would receive the full value of the ring as a payment. The information that Mr M received wasn't as clear as it could have been about the claims process, and I can see why he has said he left that conversation under the impression the policy would simply pay the value of the ring rather than the actual replacement cost. While Mr W was given this impression, which is incorrect, I don't think this means Tesco should be required to step away from the policy terms as these were provided to Mr M and Ms W when they took out the policy and it is those the insurance contract is based on. But I do understand this would have caused them upset

when they realised the correct position.

- Tesco has admitted there were delays in the claim progress and they were not kept updated, it offered Mr M and Ms W £500 compensation. Having considered everything and considered the loss of expectation caused by the call Mr M had, I think a payment of £700 compensation more fairly reflects the trouble and upset they have been caused by Tesco's errors.

For the reasons above I uphold this complaint.

Putting things right

Tesco should do the following:

- Make a payment of £9,158.40, to Mr M and Ms W, less any applicable excess, representing the replacement value of the ring. However, if Mr M and Ms W decide they no longer want a cash payment and are happy for Tesco to remake the ring, then they should inform Tesco of this, and it should then deal with the claim accordingly.
- Pay Mr M and Ms W £700 compensation, less any payments already made.

My final decision

My final decision is that I uphold Mr M and Ms W's complaint against Tesco Underwriting Limited. I direct it to put things right as I have set out in the section above.

Tesco Underwriting Limited must pay the compensation within 28 days of the date on which we tell it Mr M and Ms W accept my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Ms W to accept or reject my decision before 8 August 2025.

Alison Gore
Ombudsman