DRN-5629512

The complaint

Mr D complains about Great Lakes Insurance UK Limited ("Great Lakes"), trading as John Lewis & Partners, for the level of settlement offered in respect of his claim. He wants Great Lakes to increase the offer of settlement to match the replacement value of the item.

What happened

Mr D insured his home and contents with Great Lakes.

He specified some items in his home contents, including a diamond pendant necklace, which he insured for a replacement value of £6,000.

Mr D had commissioned this necklace from a particular creator, and it was a 0.66 carat brilliant cut diamond, with good colour and clarity, in a platinum mounting, on a white gold chain.

In April 2024, Mr D submitted a claim to Great Lakes. The diamond pendant had been lost whilst away from home. Mr D still had the chain.

Great Lakes processed the claim and sought evidence from Mr D. Mr D provided photographs of the pendant, and evidence of valuations and the purchase price. These showed the value as £3000 in 2008, and £4000 in 2022.

Great Lakes provided the photographs and details to its preferred jewellery supplier. That supplier quoted that it would be able to produce a replacement pendant for around £2600.

Mr D indicated that he wanted to cash settle instead of having the replacement pendant. Great Lakes offered to cash settle at the cost of replacement, minus the excess of £500.

Mr D was not happy with this. He felt that Great Lakes should settle at the valuation figure he provided. He complained to Great Lakes.

Great Lakes did not uphold his complaint. They pointed to the policy wording which detailed that where a repair or replacement could be provided, but the customer wanted to cash settle, then settlement would be based on the cost to the insurer of replacement.

Mr D contacted us.

One of our investigators has looked into this matter and did not recommend that Mr D's complaint be upheld. They noted that the purpose of insurance is to indemnify the consumer for loss, and in this case Great Lakes was offering to do that by providing a replacement with the same look and specification as the lost item. They considered that Great Lakes had acted fairly and did not ask that they do anything further.

Mr D did not accept that view and asked for an ombudsman 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.

I appreciate Mr D's upset in this instance. The pendant which was lost was clearly of great value to him and the owner, and it had been bought from a particular jeweller. The loss of the diamond pendant must have been very upsetting.

That said, I agree with my colleague's conclusion, and I do not uphold Mr D's complaint.

As my colleague explained, Mr D's insurance policy offered to indemnify Mr D from specific perils, including the loss or damage of his specified items.

The cover had upper limits in place, based on the value detailed to the insurer, but those limits are not agreed settlements.

In this instance, Great Lakes has offered to have a remade pendant in the same look and specification as the lost pendant. That is what the insurance contract is meant to do, and Great Lakes is able to put Mr D back in his pre-loss situation by providing a replacement item.

Mr D wants the cash settlement instead, and is not happy with the preferred supplier of the item. He thinks that the original maker should be consulted, and their price honoured.

I understand Mr D's view here, but that is not what was agreed by Mr D with his insurer. He agreed to the terms of cover, and those terms are clear that where the insurer can provide a replacement, then its limit of liability is the same level as the cost of that replacement.

Mr D has quoted various other parts of the terms which describe the situation when the insurer cannot provide a replacement, but those terms do not apply to this situation.

I appreciate that Mr D wanted a particular maker of the pendant, but that is not what the policy covers. He is entitled to a replacement item which is the same as the one which was lost.

If he decides to go ahead with the offered replacement, he would be able to expect that it was a like for like replacement, and if it were not, he could raise a complaint that he had not been properly indemnified by the insurance policy. He is not able to do so in advance of Great Lakes having the opportunity to replace the item, however.

Mr D has also made comments regarding reductions which he feels have been applied to the pendant value, such as a deduction of the value of the chain, and a percentage reduction in the valuation. I do not consider that Great Lakes has applied any reductions to the settlement here, as the claim is only for the lost or damaged part of the item, and I understand he still has the chain. I do not criticise Great Lakes for not offering settlement on the parts of the item which Mr D still has, as to settle for more than was lost would be betterment, as my colleague explained.

I appreciate that Mr D remains unhappy, but I am satisfied that Great Lakes has acted fairly and in line with the policy terms in the way it has approached settlement.

Consequently, I do not uphold Mr D's complaint, and I do not ask Great Lakes Insurance UK Limited to do anything further.

My final decision

For the reasons set out above, I do not uphold Mr D's complaint, and I do not ask Great Lakes Insurance UK Limited to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 18 August 2025.

Laura Garvin-Smith
Ombudsman