

The complaint

Mrs F is unhappy with the cash settlement valuation offered by U K Insurance Limited (UKI) on her home contents insurance policy.

Mrs F is being represented on this complaint. For ease, I will refer to Mrs F throughout this decision.

What happened

Mrs F has a home insurance policy which includes buildings and contents cover. The policy is underwritten by UKI.

Mrs F was unfortunately burgled in December 2024. She submitted a claim to UKI which was settled. There's a dispute on the amount offered for the stolen jewellery items.

UKI provided a valuation for the stolen jewellery which Mrs F thought was lower than expected. So after having consulted the jeweller where the items were bought from and who said several items were incorrectly valued, Mrs F informed UKI of this. UKI increased the valuations of these items.

UKI offered vouchers for the value of the stolen jewellery as this was the cost of replacing the items from UKI's supplier. Mrs F was unhappy about this as she didn't think suitable replacements could be provided by UKI's supplier, so she requested a cash settlement. UKI offered a lesser amount as a cash settlement.

Mrs F made a complaint to UKI. She wasn't happy with the cash settlement amount she was offered. She also said UKI caused delays and the service she received was poor.

UKI responded and agreed it could have provided better service, and an error was made initially in valuing the jewellery so it offered £175 compensation for this. UKI however said the offer it's provided as vouchers or as a cash settlement was fair and in line with the policy terms and conditions.

Unhappy, Mrs F brought her complaint to this service. Our investigator didn't uphold the complaint. He thought that UKI's cash settlement offer was reasonable as the policy allowed UKI to limit the cash offer to the sum it would have paid had the jewellery been replaced.

Mrs F disagreed with the investigator's findings. She said she would like UKI to offer the full value in cash so that she can replace the items with her chosen supplier. The investigator maintained his opinion, so the matter has been passed to me to consider afresh.

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.

At the outset, I acknowledge that the whole situation must have been very difficult for Mrs F to experience, and I'm sorry for this.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. I've taken those rules into account, amongst other relevant considerations, such as industry principles and rules, the policy terms and the available evidence, to decide whether I think UKI handled Mrs F's claim fairly.

UKI accepted that Mrs F had a valid claim under the policy. The dispute here relates to how the claim is being settled by UKI. Therefore, the issue for me to determine is whether it was fair for UKI to reduce the settlement because Mrs F wants a cash payment rather than replacement jewellery.

The stolen jewellery was valued at £3,832. UKI offered £2,431.50 as a cash settlement as Mrs F didn't want to accept vouchers or have any items remade.

I've started by looking at the relevant policy terms and conditions as this forms the basis of the insurance contract between the two parties. Page 18 of the policy document states:

'How we settle claims

For any items of contents that is lost or damaged we will choose whether to:

- *Replace or repair the item or part*
- *Pay the cost of replacing or repairing the item or part up to the amount it would have cost us to replace or repair using our own suppliers, or*
- *Make a cash payment*

We won't pay more than the amount it would have cost us to replace or repair using our own suppliers.

If appropriate parts or replacement items are not available, we will pay the full cost of the item, provided the sum insured is adequate.'

The above is a common clause in policies and wouldn't be regarded as unfair provided the insurer is able to provide an appropriate replacement.

Insurers are required to put policyholders back in the position they were in just before the loss has happened. The way an insurer settles these types of claims will depend on what the policy terms and conditions say and on the individual circumstances of the consumer.

UKI has confirmed that using the information Mrs F provided about the items it was able to value and offer replacements (through its suppliers) for the stolen items of jewellery.

Mrs F said the voucher offered won't provide items to the same standard as the jewellers she would use. She also said the cash settlement amount isn't sufficient as the recommended retail price of these items is higher than the cash offer. She's also declined having the jewellery remade by one of UKI's suppliers.

In terms of what UKI has offered, it's provided three different options that are in line with the policy terms and conditions. I don't find this to be unreasonable.

I say this because vouchers were offered to Mrs F. However, the retailer where the vouchers can be used isn't one that Mrs F is happy with as she says the standard of the items there isn't the same as the retailer she would use. I acknowledge her comments and understand why she feels this way, but I don't think the options offered by UKI are unreasonable. Based

on the options UKI has given Mrs F, I'm satisfied it has attempted to settle the claim in line with the policy terms.

Mrs F requested a cash settlement so she can replace the items using her own supplier. The policy says that UKI '*won't pay more than the amount it would have cost it to replace or repair using our own suppliers*'. I understand Mrs F isn't happy with this amount as a lower offer has been made by UKI, but I think the policy terms are clear.

I acknowledge Mrs F's comments that a direct replacement for the jewellery is not available. However, UKI has its own suppliers, and it won't pay more than the amount those suppliers would charge UKI to do this. This isn't unusual as UKI, and other insurers are able to get discounts on vouchers and jewellery replacement when dealing with claims.

I'm satisfied that UKI has made a cash settlement offer based on the amount it would cost it to replace the stolen items. It said the items could be replicated and I haven't seen any evidence to the contrary. The policy says a cash payment will not be more than the amount it would cost UKI to replace the items. Consequently, I consider UKI has acted in line with its policy terms by offering Mrs F the amount it would cost it to replace the items. And I'm satisfied that the settlement offered by UKI to Mrs F is fair and reasonable.

UKI provided three options to Mrs F, in line with its policy terms. Mrs F has requested a cash settlement amount to the equivalent of the full value of the items. UKI's supplier has confirmed replacements are possible and I haven't seen any evidence to show why a replacement isn't possible.

Mrs F says there's nothing in the policy that states suppliers will make their version of the jewellery because the policy specifically states replacement or repair. However, making an item is considered as replacing it and this option is widely offered to customers. Mrs F refers to a specific crystal and says that these items are trademarked, and replacements don't exist. However, I haven't seen any evidence that this can't be replaced. UKI's had a list of the items since the start of the claim, and it's been assessed with the stolen jewellery items in mind. It has confirmed that the items can be replaced.

I note that UKI has offered £175 compensation to Mrs F for its handling of the claim. It said its advisor could have dealt with her better on the phone and an error was made in valuing the jewellery. I think this offer is fair and reasonable for what happened.

I realise the strength of feeling Mrs F has on this matter so I'm sorry to disappoint her. But overall, I think that UKI acted fairly in the options it has offered to settle the claim.

Mrs F should contact UKI directly if she wishes to accept any of the options offered to settle her claim.

My final decision

For the reasons given above, I don't uphold Mrs F's complaint about U K Insurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 24 December 2025.

Nimisha Radia
Ombudsman