

The complaint

Mr M complains about how U K Insurance Limited trading as NIG handled a claim for a stolen bike.

Reference to NIG includes its agents and representatives.

What happened

Mr M held cover for an electric bike under his home insurance policy. Unfortunately, the bike was stolen, and he made a claim to NIG on 26 March 2025.

NIG accepted the claim on 3 April 2025. It said it could offer an upgraded version of the bike, and it gave Mr M colour options for a replacement bike on 9 April 2025. Mr M chose a colour on 14 April 2025, but NIG said on the same day that the options it had given were incorrect, it apologised and gave Mr M the correct options.

Mr M chose a new colour on 17 April 2025. NIG said on the same day that its supplier had confirmed that the colour had just sold out. So, it gave Mr M four options – the upgraded version in black, the same bike as the one that was stolen, a cash settlement, or Mr M could wait to see if the colour he wanted would become available by end of May.

Mr M found the upgraded bike in the colour he wanted from a retailer. He asked NIG if it could use them to replace the bike. NIG said it couldn't do so, as it wouldn't be able to buy the bike for the same value it could with its own supplier.

NIG again reiterated the four options Mr M had on 23 April 2025, and it said the cash settlement value would be £3,372.49. This was the cost to NIG to provide Mr M a replacement of the bike he had.

Mr M didn't think NIG had acted fairly or reasonably. He wasn't happy that it had given him colour options that weren't available, and that it wasn't willing to increase the cash settlement offer to reflect how much he insured his bike for. He said he couldn't buy the same bike again with the cash settlement amount.

Mr M also wasn't happy all the aspects of his claim hadn't been handled together, and he was concerned he'd have to pay the excess twice for the same incident. NIG said that the different aspects of Mr M's claim were handled by separate departments. But it reassured Mr M that only one excess applied per claim.

One of our investigators reviewed the complaint. Having done so, he didn't think NIG had acted unfairly or unreasonably in the circumstances of Mr M's complaint.

Mr M didn't agree with the investigator's findings. In short, he expected NIG to honour a claim up to the value the bike was worth when he took out the policy and insured it for, which was £5,500.

As no agreement was reached, the complaint has been passed to me to decide.

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.

Industry rules set out by the regulator (the Financial Conduct Authority) say insurers must handle claims fairly and shouldn't unreasonably reject a claim. I've taken these rules, and other industry guidance, into account when deciding what I think is fair and reasonable in the circumstances of this complaint.

Firstly, I can see that Mr M insured his bike for the value of £5,500. He has explained that this was the value of his bike at the time, although he bought it with a discounted price of £4,400. I think it was for Mr M to choose how much he wanted to insure his bike for. The policy terms say the following:

“Section 4 Pedal Cycles

The most we will pay for any pedal cycle will be the sum insured shown on your schedule or the value of the pedal cycle whichever is less.”

And the policy terms also say that there's no cover for “*reduction in value*”. When Mr M took out the policy, NIG was on risk for the value of the bike, which Mr M has said was £5,500 at the time. So, I don't think I could fairly ask NIG to refund him any premiums he paid to insure his bike above its current value, as the value at the time he took out the policy was £5,500.

I've then considered if NIG offered Mr M fair options to settle the claim. The policy terms say the following:

“For any item insured under Section 2 Contents, Section 3 Personal Possessions or Section 4 Pedal Cycles, that is lost or suffers accidental damage by any of the causes listed in those sections 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 to replace or repair using our own suppliers, or*
- *make a cash payment.”*

So, I think NIG was entitled to decide how it settled Mr M's claim. It offered to provide Mr M with a like for like replacement for the bike that was stolen, and it also offered him an upgraded version. Unfortunately, the colour Mr M wanted was out of stock, but this was out of NIG's control. This was also only an issue with the upgraded version of the bike, and not for providing a like for like replacement.

NIG also offered a cash settlement to the value it would have cost NIG to replace the bike using its own suppliers. I'm satisfied the options it gave were in line with the terms and conditions of the policy. I'm also satisfied the cash settlement amount is the price NIG would have paid to replace the bike with a like for like option. So, I think the amount it has offered is in line with the policy terms and conditions, and fair and reasonable.

The policy terms also say the following:

“Section 2 Contents, Section 3 Personal Possessions and Section 4 Pedal Cycles (including pedal cycle accessories)

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

We do not have to use any pedal cycle dealer or distributor nominated or selected by you. However, if your preferred pedal cycle dealer or distributor will match the prices available to us, and work with us directly, we will consider your request.

[...]

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

So, this section supports the previous terms. It also makes it clear it doesn't have to use any supplier selected by a policyholder. And it would only consider this if the supplier matched the prices available to it. This would mean that the cash settlement NIG has offered should be enough for Mr M to replace the bike. I haven't seen anything to suggest that the supplier was willing to do so.

NIG since said that it could only offer the upgraded version of the bike if Mr M contributed to the cost, as the value of the bike had increased. As Mr M isn't entitled to an upgraded bike under his policy terms, I don't think this was unreasonable. But Mr M didn't want to do so. NIG has also said that it can no longer provide a like for like replacement, so the only option available for Mr M is the cash settlement, as previously offered.

I'm satisfied NIG gave Mr M reasonable options to settle his claim fairly, and in line with the policy terms. I appreciate NIG says the only option left at this point is the cash settlement. But considering it gave Mr M reasonable options several times previously, I don't think there's anything else NIG needs to do, to put things right. I also think NIG handled the claim promptly. And when it made a mistake in the colour options, it apologised and corrected this quickly. I'll leave it for Mr M to get in touch with NIG if he now wants to accept the settlement offer.

NIG has confirmed that only one excess would apply to Mr M's claim relating to the theft of his bike, and the resulting damage. So, I can't see that he's suffered any loss here. It's not uncommon for different aspects of a claim to be handled by different departments. If he has any concerns about the damage to his property part of the claim, he should contact the relevant department with NIG about this.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 2 January 2026.

Renja Anderson
Ombudsman