

The complaint

Ms V is unhappy with the way Lloyds Bank General Insurance Limited (LBGI) settled a claim under her home insurance policy.

What happened

Ms V made a claim to LBGI after a fire damaged her home. After the fire she noticed that two rings had been lost or stolen.

LBGI's jeweller valued one ring at £11,500 and the other at £6,050. LBGI offered Ms V the options of a voucher for the combined value of £17,550, replacement rings from its supplier or a cash settlement of £8,775.

Ms V said one of the rings contained a late relative's fingerprint and both rings were irreplaceable to her. She thought LBGI should pay her the full value of the rings.

Ms V was unhappy with several other aspects of the way her claim had been handled and brought a complaint to this service. Our Investigator upheld her complaint in part. But he didn't think LBGI had treated her unfairly in the way it was proposing to settle the claim for the rings. Other than in respect of the settlement for the rings the parties accepted our Investigator's recommendations.

As the parties didn't agree with our Investigator's view regarding the rings, that aspect of the complaint has been passed to me. I understand that in the meantime LBGI has made a payment to Ms V of £8,775 for the rings.

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 so, I'm not going to require LBGI to do anything differently although I appreciate this will be very disappointing for Ms V.

Under the heading "*How we'll look after your claim*" Ms V's policy says:

"We'll replace an item with a new item on a like for like basis. When we say "like for like basis" we mean we'll try to replace it with an exact match. If we can't find an exact match, we'll replace it with the nearest equivalent.

By "nearest equivalent" we mean an item of the same quality and specification."

I recognise that the rings held great sentimental value to Ms V and she feels they can't effectively be replaced. But LBGI was able to offer replacement rings which would have been the nearest equivalent. Sadly the unique fingerprint wouldn't have been incorporated. But in terms of quality and specification they would have been equivalent in every other way.

Contents insurance is only designed to cover the monetary value of items as it's impossible to put a price on sentimental value. So I'm satisfied that LBGI offered Ms V an equivalent replacement so far as it was able to do so and in line with the policy terms.

Ms V's policy also says that where it uses suppliers to settle a claim, it might get discounts and it uses their cost to it when settling claims. What that means is that it won't pay more than it would have cost it to replace an item which is often much lower than retail prices. The cash settlement of £8,775 which LBGI offered was based on the discounted amount it would have paid its supplier for equivalent rings. I accept that at 50 per cent the discount is steep. But I've no reason to believe this figure doesn't reflect the true discount that LBGI was able to negotiate with its supplier. It follows that I don't think it would be fair and reasonable for me to require it to pay any more than it already has done.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms V to accept or reject my decision before 2 February 2026.

Elizabeth Grant
Ombudsman