

The complaint

Mr F has complained about how Aviva Insurance Limited (Aviva) settled a claim under his gadget insurance policy.

References to Aviva include companies acting on its behalf.

What happened

Mr F made a claim for a stolen smartwatch. Aviva accepted the claim. Mr F paid the £179 claim excess and Aviva ordered a replacement device. However, a few days later, Aviva told Mr F it wasn't possible to source a replacement device. So, it said it would pay a cash settlement of £295. Mr F initially accepted this. However, he contacted Aviva again the same day and said he wasn't happy with the amount offered and raised a complaint. Aviva paid the cash settlement.

When Aviva replied to the complaint, it didn't uphold it. It said it based cash settlement offers on the current market value. Its offer of £295 was based on this. It said the device could be bought at a reputable retailer for this amount or a lower one. It said this was the process outlined in its terms and conditions. It said an excess was payable for all approved claims, even where the claim resulted in a cash settlement. It said this was Mr F's contribution to the claim and it was unable to waive the fee.

Mr F complained to this Service. Our Investigator didn't uphold the complaint. She said the policy explained it wasn't "*new for old*". She said Aviva wasn't able to replace the device. So, it offered a cash settlement. Aviva had shown that the cash settlement was the highest price it had found across four retailers. She said this was fair. The policy also explained that a £179 excess would be payable for lost or stolen devices within the first year. She said Mr F had agreed to this when he took out the policy. So, she said she was satisfied the excess had been fairly applied.

As Mr F didn't agree, the complaint was referred to me.

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 don't uphold this complaint. I will explain why.

I've looked at what the policy said about how Aviva settled claims. It said:

"If Your Gadget is Stolen, [Aviva] will replace it with a Gadget of the same make and model of the claimed Gadget wherever possible. If the same make and model of Your claimed Gadget is not available, we will contact you to discuss alternative options, which may include a replacement Device with equivalent specifications."

For replacement devices, the policy also said:

- *"This is not a new for old policy.*
- *Where [Aviva] replaces the Device, the replacement will be a remanufactured Device – not brand new. Remanufactured Devices may contain non-original, third party, or unbranded parts.*
- *If [Aviva] replaces the Device, [Aviva] will replace it with a Device of the same make and model wherever possible. If the same make and model of Your Device is not available We will contact You to discuss alternative options, which may include a replacement Device with equivalent specifications."*

So, this explained this wasn't a "new for old" policy and that it would provide an equivalent, remanufactured, device to the one that had been stolen. I don't think that is unusual for this type of policy. I also think this was clearly explained in the policy terms and conditions.

Although Aviva initially told Mr F it would replace the device, it was unable to source a replacement. So, it told Mr F, it would pay a cash settlement. Looking at the policy wording, this explained what it meant by a cash settlement:

"If your Device cannot be repaired or replaced, [Aviva] will arrange for Your damaged Device to be collected and then provide Your cash settlement for the market value of an equivalent replacement Device, less the Excess fee."

So, this explained that Aviva would pay the equivalent cost of the replacement device as a cash settlement. Aviva said this was £295. It also provided this Service with evidence that it was possible to buy a refurbished replacement device for that amount. So, I think the cash settlement Aviva offered was fair and in line with the policy terms and conditions.

Mr F was also concerned about the excess he was asked to pay before Aviva would settle the claim. The policy said an excess of £179 was payable in the first year where the claim was for a stolen gadget. I think it's normal for an excess to be payable for an insurance claim. I also think the policy clearly explained, in several places, that it was payable and what the excess would be. So, I think it was fair that Aviva charged this excess.

I'm aware Mr F has said the stolen device cost about £600. He has said the settlement he was paid, less the excess, left him with about £116. He didn't think this was a fair settlement. I'm mindful this was a policy of indemnity. So, Aviva needed to put Mr F back as close as possible to the position he was in immediately before the device was stolen. It wasn't a new device that was stolen and the policy didn't say it would provide a brand-new device as a settlement. I also think the policy clearly explained that an excess would apply and the

amount of that excess. It was for Mr F to decide if the policy met his needs. Based on what I've seen, I'm satisfied Aviva fairly settled Mr F's claim in line with the policy terms and conditions.

As a result, I don't uphold this complaint or require Aviva to do anything else in relation to it.

My final decision

For the reasons I have given, it is my final decision that this complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 3 March 2026.

Louise O'Sullivan
Ombudsman