

The complaint

Mr H has complained about Aviva Insurance Limited's (Aviva's) handling of a claim he made under the block property insurance policy which covers his buy-to-let flat.

What happened

The details of this complaint are well known to both parties, so I will not repeat them again in full detail here. But to briefly summarise, Mr H is unhappy with the time it took for Aviva to validate, accept and settle a claim he made following a burglary at a buy-to-let property he owns. He says he's suffered a significant loss of rental income as well as distress and inconvenience as a result of Aviva's poor handling of his claim.

Our investigator said that Aviva had issued two separate final responses to complaints made by Mr H, each giving a timeframe for Mr H to escalate his concerns to our service. She said Mr H brought the complaint answered in the first final response too late – so our service wouldn't be able to consider those parts of Mr H's complaint. But she said we could consider the impact of any unreasonable delays from May 2022 onwards, as these issues were answered in the second final response letter and Mr H had referred those concerns to our service in time.

Our investigator thought Mr H's complaint about delays from May 2022 onward should be partially upheld. She said Aviva was responsible for unreasonable delays between June 2022 and October 2022, and again between October 2022 and November 2022. So, she recommended it should pay £250 to compensate for this. In terms of loss of rent, she said Mr H's policy did not provide cover for this. She also highlighted that the property was not let at the time of the incident, and that she hadn't seen any evidence to confirm that it would have been let during the period of the claim, if it weren't for Aviva's delays. So, she didn't think Aviva needed to reimburse Mr H for any alleged loss of rental income.

Mr H seems to have accepted that our service is unable to consider the issues covered in Aviva's first final response, as he hasn't made any further representations about those issues. But he didn't agree that the compensation recommended for the issues we have considered was fair – given the alleged loss of rent he says he has suffered. He says if it weren't for Aviva's delays, he would have been able to let the property by June 2022 at the latest. So, he says Aviva should cover loss of rent at £750 per month between June 2022 and November 2022 as a minimum.

As no agreement has been reached, this 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.

Having done so, I agree with the outcome reached by our investigator. I'll explain why.

As with our investigator's assessment, I'm only considering the issues covered in the second final response letter. That is, the impact of the delays in accepting and settling the claim between May 2022 and November 2022.

Aviva initially disputed that it had caused any unreasonable delays. But following our investigator's assessment it accepted it could have reached its claim decision more quickly.

In her assessment, our investigator considered the timeline Aviva provided and explained that it (or its agents) had all the information necessary to reach a decision on the claim by June 2022, yet it didn't do so until November 2022. She said this was due to delays in Aviva considering its loss adjuster's report, confirming its acceptance of the claim and considering Mr H's quote for reinstatement. Based on this, she concluded that Aviva was responsible for around five months' worth of unnecessary and unreasonable delays. Having considered the timeline provided by Aviva, I agree with our investigator's conclusions here.

Mr H says he had to spend a significant amount of time chasing Aviva, which caused him distress and inconvenience. I fully accept that needing to chase an insurer for updates on a claim would be frustrating. But some level of distress and inconvenience is to be expected in claims like this one, and that isn't necessarily the fault of the insurer. I also need to consider that neither Mr H, nor the managing agent for the building, appears to have contacted or chased Aviva from June 2022 onward. So, when considering a fair amount of compensation, I'm only considering the impact of the delays which Aviva is solely responsible for.

Taking everything into account, I agree with our investigator that Aviva should pay Mr H £250 to compensate him for the distress and inconvenience its delays and communication issues caused him.

In terms of Mr H's claim for loss of rental income, he has argued that despite the policy not providing this type of cover, Aviva's unreasonable delays have directly led to this loss. So, in these circumstances, he says Aviva should reimburse his losses.

I've thought carefully about Mr H's position here. And *if I were persuaded* that Aviva's delays had led directly to a loss of rental income, I'd be minded to direct it to cover said losses despite the lack of policy coverage, on a fair and reasonable basis. But in this case, I'm not persuaded that Aviva's delays are the sole reason that Mr H lost out on rental income.

I say this because Mr H's property had not been let to tenants since July 2021, which means the claim and subsequent delays were not the reason that it was empty. I've also seen no evidence from Mr H that he was in the process of seeking new tenants, or that the claim delays impacted or prevented an actual prospective tenant from taking up a tenancy.

In these circumstances, where there is no persuasive evidence of an actual loss of rental income caused directly by Aviva's actions, I don't think it would be fair or reasonable for me to direct Aviva to make a payment, outside the policy terms, based solely on Mr H's assertion that he would have placed a tenant. So, I don't uphold this part of Mr H's complaint.

My final decision

For the reasons I've explained above, I uphold Mr H's complaint in part.

Aviva Insurance Limited must pay Mr H £250 compensation for the distress and inconvenience it caused him – if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 28 July 2023.

Adam Golding
Ombudsman