

The complaint

Mr F complains about Aviva Insurance Limited's handling of a claim on his landlord's insurance policy.

For ease of reading, any reference to Aviva also includes its agents.

What happened

Mr F owns a property which he rents out. The property had a leak, so he contacted Aviva to make a claim. The leak was discovered to be coming from the bathroom which needed to be removed to complete the repair. As the property only has one bathroom it would make it uninhabitable.

Aviva said it could either provide alternative accommodation for Mr F's tenants or provide a bathroom pod to use while the works were completed. Mr F's tenants chose to remain in the property and so Aviva provided a bathroom pod. As the property was undergoing work Mr F agreed a 50% reduction in rent for his tenants.

Mr F initially reported the claim in January 2022 and work at the property didn't start until late July 2022. As the work was taking longer than expected Mr F complained to Aviva in September 2022. He said there had been poor claim handling and referred to incorrect information being given, the length of time the claim was taking and how long the repair was taking. Mr F let Aviva know he was losing rent and asked it to cover his lost rent.

Aviva reviewed the complaint and upheld it in part. It agreed the claim had been poorly handled and initially offered £500 compensation. Aviva declined Mr F's claim for loss of rent as it said the policy didn't cover it as a bathroom pod had been installed. Mr F didn't agree so Aviva increased its offer to £600. Mr F still didn't agree and referred his complaint here.

Our investigator reviewed the complaint and found that loss of rent only applied if the property wasn't habitable. And as Aviva had installed a bathroom pod, he didn't think Mr F's loss of rent was covered by the policy. Our Investigator thought the £600 offered was fair and reasonable compensation for the poor claim handling and so didn't uphold the complaint. Mr F didn't agree, he said the policy didn't mention anything about a bathroom pod and thought his claim for loss of rent should be covered. He also said if it wasn't then, due to the delay Aviva should cover his lost rent.

As Mr F didn't agree the complaint has come 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.

When issuing my decision, I would like to clarify that I'm only considering what's happened up until Aviva issued its final response letter in September 2022. Concerns about anything that happened after that date would need to be raised as a separate complaint.

When dealing with a claim Aviva should do so promptly. It's clear from the length of time since the claim was reported and the work starting that this didn't happen. Aviva has acknowledged this, and that it gave incorrect information, it offered Mr F £600 compensation. I'm satisfied this is a fair and reasonable amount for the delays and poor claim handling. I'm therefore not going to direct it to pay anymore.

Mr F has also raised concerns about the loss of rent. The terms and conditions of Mr F's policy covers him for loss of rent in certain circumstances. The policy says:

"If the **home** is damaged by any cause covered under **The Buildings**, cover sections numbered 1 to 10, and as a result it cannot be lived in, **we** will pay any ground rent **you** still have to pay for up to two years.

We will also pay:

a) rent payable to **you**; or

b) any reasonable additional accommodation expenses for **you** and **your** domestic animals;"

I've therefore looked at whether Aviva is applying this term fairly. I can see Aviva has provided a bathroom pod to enable the property to still be lived in. And this was accepted by Mr F and the tenants. I'm therefore satisfied that under the terms of the policy Mr F's loss of rent isn't covered.

If Aviva has delayed the claim unreasonably then it might be appropriate to cover Mr F's loss of rent for the delays it caused. However, when looking at the timeline up until the final response was issued, I'm not persuaded Aviva needs to do more. I say that because I note the work started in July 2022 and the bathroom was ripped out in August and the bathroom pod installed then, albeit late.

I can also see from the claim notes that Mr F's property has lime plaster which takes longer to dry, the claim notes say this could take up to six months. This means the next stage of the repair work is unable to be started until the plaster has dried. Therefore, when considering Aviva's final response was issued in September and the work started the month before, I'm not persuaded that's an unreasonable time frame when taking into account the plaster drying time. However, if there are delays after this time then they would need to be raised separately if Mr F thinks Aviva has delayed the claim after the date of its final response letter.

My final decision

For the reasons explained above, I don't uphold this complaint. Aviva Insurance Limited needs to pay Mr F £600 for distress and inconvenience if not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 15 August 2023.

Alex Newman
Ombudsman