

## **The complaint**

Mr and Mrs C complain about how Ageas Insurance Limited handled their home insurance claim.

References to Ageas include its agents.

## **What happened**

The details of the claim are well known to both parties, so I won't repeat them again here. Instead, I'll summarise the background and focus on the recommendations made since the matter has been with this service and the reasons for my decision.

Mr and Mrs C held a home insurance policy underwritten by Ageas. Unfortunately, in late July 2021, they realised there had been a leak in the kitchen which had caused significant damage before it was spotted. Mr and Mrs C contacted Ageas to make a claim on their home insurance policy.

Although their claim was accepted, Mr and Mrs C say things didn't go as they would've expected. In particular:

- The work took longer to complete than it should've and there were avoidable delays.
- The contractors appointed caused further damage to their home including in areas they weren't meant to use while the family lived there.
- They weren't offered any suitable alternative accommodation (AA) and so had to stay at home during the repairs.
- Ageas' service fell short on numerous occasions.

All the above caused Mr and Mrs C unnecessary trouble and upset and they lost confidence in Ageas. So, in late 2021, they discussed settling the claim for cash so they could get the remaining work completed themselves. Ultimately, Ageas agreed to this, but an amount couldn't be agreed. Mr and Mrs C said the cash settlement figure offered wasn't enough to cover the work needed to repair their home.

Mr and Mrs C complained to Ageas about these matters.

Ageas upheld the complaint in its final response letter (FRL). It agreed the service given wasn't to the standard it'd expect and apologised for the distress and inconvenience caused by the problems Mr and Mrs C had experienced as a result. Whilst it was sorry it hadn't been able to find AA when Mr and Mrs C wanted it, Ageas noted they'd chosen to stay in their home initially. And when Mr and Mrs C decided they did want AA, they'd declined the options Ageas had found as they were unsuitable. It explained this made the works more time consuming and difficult to complete. Even so, it had paid a disturbance allowance of £10,000 and, whilst Mr and Mrs C were living in their home, the conservatory was converted into a temporary kitchen.

Ageas said the progress of the works and claim had also been hindered by Mr and Mrs C's refusal to send it documents, agree to appoint a loss adjuster, and allow its agents into their

home to validate the remaining items being claimed for as well as assess the damage they said had been caused by the contractors.

Mr and Mrs C brought a complaint to this service with a detailed timeline of events. They explained it'd been a terrible year with an impact felt on their wellbeing, family and relationship. They didn't agree the FRL was a fair reflection of what had happened and felt something this straight forward being held up for so long can only be incompetence on the part of Ageas and its contractors. They hope this service can help Ageas to learn so no other family is put through the same thing.

The Investigator considered this matter. They didn't feel Ageas had managed the claim in the way it should've in relation to key matters such as the AA, works and agreeing to a cash settlement and felt this caused some of the key problems Mr and Mrs C had faced. They noted Ageas accepted there had been delays and poor service during the claim. In summary, the Investigator recommended Ageas should do the following to put things right.

- Settle the claim made by Mr and Mrs C by paying them the amount outstanding included in a document prepared by Mr C under the heading "statement of losses including within scope of works" and attached to the view (for ease, I'll refer to this as Mr C's Statement) excluding some specific items set out in the view.
- Pay interest at 8% simple on any amounts Mr and Mrs C had paid, calculated from the date the payment was made by them to the date of settlement.
- Pay compensation of £1,500 for the distress and inconvenience caused.

In relation to the damage caused by the contractors, the Investigator recommended Ageas pay to have the stairway carpet cleaned and, if a cleaning company has said this wouldn't be possible, to pay the cost of having it replaced, subject to appropriate evidence.

The Investigator thought it was plausible the leak caused damage to the curtains and the internal door given the proximity to them. And, on balance, it's likely - given the drying didn't complete as effectively as it should've - there was bubbling to the kitchen units not included in the original scope of work. So, he asked Ageas to pay for this work, again subject to evidence of expenditure.

The Investigator specifically considered further claims by Mr and Mrs C but didn't agree Ageas should pay them as they hadn't seen enough evidence to say it's more likely these issues were the direct result of the leak and/or the way the claim was administered. This included mould in other parts of the property, damage to double glazing, the hoover and carpet cleaning machine. Nor did they agree Ageas should be responsible for Mr and Mrs C's mortgage, any increased disturbance allowance or for Mr and Mrs C's time in addition to the compensation they recommended.

Ageas said - although it'd be reasonable to query items on Mr C's Statement and some hadn't been recommended for payment by the Investigator - it'd agree to pay them to bring about a swift resolution. So, the total amount due under Mr C's Statement - excluding some items which were duplicates - would lead to a payment of £22,731.35 in addition to the previously paid settlement sums. It agreed to the compensatory payment of £1,500 and asbestos testing of £300 - and said it'd meet the cost of asbestos removal if it was discovered this needed to be done. That is, a total payment to Mr and Mrs C of £24,531.35 plus a payment for interest which was yet to be calculated.

The Investigator recommended this to Mr and Mrs C as a fair and reasonable way to settle the complaint in line with his original view. After further communications about this, the Investigators recommendation was accepted by Mr and Mrs C and £24,531.35 was paid to them in March 2023.

In relation to interest, Ageas said it couldn't see any interest was due to Mr and Mrs C after taking into account the excesses due under the policy, interim payments and disturbance allowance so it asked for a full set of paid invoices to check this. After further communications with the Investigator, Ageas was asked to calculate interest on all items paid by it from Mr C's Statement without accounting for the disturbance allowance payment. It did this and offered to pay an interest figure of £490.90 (net) and the breakdown of its calculation was shared with Mr and Mrs C.

Mr and Mrs C feel Ageas has tried to move the goalposts and is going over old ground by asking for more information after agreeing to settle matters with the Investigator. They say the interest payment they're due should be much higher. And, as they paid the excesses a long time ago, they don't understand why they're being asked for again. So, they requested an ombudsman's decision.

Ageas supported this request – it said it had agreed to settle the dispute on the basis that interest would only be payable on balances for paid invoices, net of its interim payments. Since it'd seen very few paid invoices, it wasn't expecting interest to be due.

The matter has now been passed to me for a decision.

### **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.

I recognise I've summarised this complaint in far less detail than the parties and I've done so using my own words. I'm not going to respond to every single point made by the parties involved. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this and it reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I've given careful consideration to all of the submissions made before arriving at my decision and I'm satisfied I don't need to comment on every individual argument to be able to reach what I consider to be a fair outcome.

The key facts here aren't in dispute. Ageas admits it got things wrong. The issue I must decide is whether the things it has agreed to do - as a result of the Investigators recommendations - to put matters right is a fair and reasonable way to resolve this complaint. I'm satisfied it is and I'll explain why.

Firstly, I've thought about Mr C's Statement which Ageas substantially agreed to pay after the Investigators view was issued.

In the attachments to Mr C's Statement, I note there are a number of quotations for work. But quotations aren't the same as evidence the work has been undertaken and paid for by Mr and Mrs C. Whilst our service usually considers it reasonable for a business to ask the consumer to provide this evidence *before* it makes payment, this isn't what was ultimately offered by Ageas to settle Mr and Mrs C's claim. Ageas also agreed to make payments for items the Investigator didn't consider it needed to, such as the windows. I think it's important to say at this point I agree with the Investigators recommendations in relation to the amounts he didn't consider Ageas was responsible for.

In light of above, I don't consider it helpful to depart from the offer made by Ageas as a result of the Investigators recommendations in relation to the cash settlement and the asbestos

report (of £23,031.35) which was accepted by both parties and paid by Ageas. However, I've taken this into account in coming to my decision overall.

Turning to interest. Any awards we make for interest on out-of-pocket costs paid by a consumer follow the same requirement for evidence I've outlined above. So, a consumer is asked to provide evidence the payment was made and – particularly important for the interest calculation – when it was made.

Ageas asked for this evidence and that's not unreasonable. Whilst I appreciate Mr C says he's done this, as I've mentioned above, I can see much of the evidence doesn't show the information needed. So, I can't reasonably say this has been done. As a result, it's reasonable for Ageas to decline to pay interest where this evidence is yet to be provided.

I am aware Mr C would like me to set out the specific amount of interest Ageas should pay, but I don't think that's for our service to do. I say this as the amount of interest to be paid is – subject to evidence - dependent on the date Mr and Mrs C made the payment themselves and the date Ageas makes payment to Mr and Mrs C. Ageas also needs to factor interim payments and any excesses into its calculations as this will reduce the amount of interest due to be paid by it. This is because the first £1,000 Mr and Mrs C spent will not attract any interest as this will have been covered by their excess. This isn't a requirement for them to pay the excess again, rather it reflects the fact the first £1,000 spent by them needed to come from their own money and so interest wouldn't be due on this.

Ageas offered to pay interest to Mr and Mrs C of £490.90 (net). For the reasons set out above, I wouldn't ordinarily consider it fair and reasonable to require a business to make a payment of interest without the appropriate evidence and so this isn't something I'd require it to do. However, it has confirmed this amount is still open for acceptance by Mr and Mrs C to bring the matter of interest in this complaint to a close.

I've considered the compensatory payment of £1,500. Having done so, I think it's important to explain our service must distinguish between the distress and inconvenience Mr and Mrs C suffered because there was a leak at their home and its consequences, which Ageas isn't responsible for, with what Ageas did or failed to do that might've added to that distress. For example, the need for the main repairs to Mr and Mrs C's home - whilst understandably disruptive and distressing – were a consequence of the water leak causing damage rather than something which is Ageas' responsibility.

Taking everything into account, I think it's right Ageas should compensate Mr and Mrs C for the impact of its failures in this matter. However, I also think it's important to explain that, as a service, our awards are designed to compensate consumers, not punish organisations.

So, we look at the impact any mistakes had on the consumer concerned. I can see from what has been said by Mr C that he and his family found this claim understandably stressful and impactful. It's my view the recommendations made by the Investigator took this into account. I say this because they asked Ageas to pay compensation of £1,500 to recognise the impact Ageas' actions had on Mr and Mrs C beyond the inconvenience of the leak and resulting claim. The recommendations also ensured Mr and Mrs C were given the money to finish the works at their property and put right the damage Mr and Mrs C said was caused by the claim and/or the contractors. And, as I've set out above, the offer accepted by Mr and Mrs C from Ageas went beyond the Investigators recommendations.

As I've mentioned, this was always going to be an incredibly difficult and distressing time for Mr and Mrs C and their young family and it would've taken a certain amount of time for the claim to be approved and works implemented in any event. I accept this period was made particularly distressing as they stayed in their home while the works were carried out. And I

don't doubt Mr and Mrs C incurred extra costs – this often happens in these types of situations. However, Ageas paid £10,000 as a disturbance allowance to Mr and Mrs C. A disturbance allowance is designed to reflect the actual costs a consumer has incurred and so they'd usually be required to evidence their normal costs before the claim, as well as the costs incurred throughout the claim. However, industry practice is that the allowance should broadly be paid at a rate of £10 per day for each adult living at the insured property and £5 for each child recognising not everyone keeps receipts for everyday expenses. Taking everything into account, I consider the amount Ageas paid as a disturbance allowance to Mr and Mrs C to be fair and reasonable in this matter.

### *summary*

In light of everything set out above, I consider the compensation of £1,500 Ageas has paid Mr and Mrs C in addition to the payment for the works and asbestos report (a total payment of £24,531.35) plus interest to be a fair and reasonable way to resolve this complaint in the circumstances. I think the significance of the compensatory amount – along with the other payments Ageas has made (and agreed to make in relation to interest) - adequately recognises the failures Ageas and their agents have made which have elongated the claim process and added further distress and inconvenience in addition to what Mr and Mrs C would've experienced due to the leak itself.

Mr and Mrs C would like to ensure no one else suffers a similar case journey as they have. This isn't something that our service can do. We look at individual complaints. The Financial Conduct Authority is the party who regulates insurers and can consider their processes more generally. So, whilst this might be something they want to take forward with them, it's not something I can consider in this matter. Neither can I consider a complaint about whether two excesses were payable or any issues with the recently obtained asbestos report which Mr C refers to but hasn't yet shared. This is because these matters need to be raised with Ageas, giving it the opportunity to investigate matters in the first instance.

I recognise Mr and Mrs C may be disappointed overall with this outcome. But my decision ends what we – in trying to resolve the dispute with Ageas – can do for them.

### **Putting things right**

To put things right, Ageas Insurance Limited should take the following steps.

1. Settle the claim made by Mr and Mrs C relating to the leak in July 2021 by paying them £23,031.35.
2. Pay interest at 8% simple on any out of pocket amounts Mr and Mrs C paid from Mr C's statement, calculated from the date the payment was made by them to the date of settlement, less any tax properly deductible. This is subject to evidence of expenditure being provided to it. Ageas Insurance Limited may take into account the excesses and any interim payments made in that calculation. If HM Revenue & Customs requires Ageas Insurance Limited to deduct tax from this interest, Ageas Insurance Limited should give Mr and Mrs C a certificate showing how much tax its deducted, if they ask for one.
3. Pay compensation of £1,500 for the distress and inconvenience caused.

From information sent to this service, I understand Ageas has already completed the steps above aside from the part relating to interest.

### **Putting things right**

To put things right, Ageas Insurance Limited should take the following steps.

4. Settle the claim made by Mr and Mrs C relating to the leak in July 2021 by paying them £23,031.35.
5. Pay interest at 8% simple on any amounts Mr and Mrs C have paid, calculated from the date the payment was made by them to the date of settlement. This is subject to evidence of expenditure being provided to it. Ageas Insurance Limited may take into account the excess(es) and any interim payments made in that calculation.
6. Pay compensation of £1,500 for the distress and inconvenience caused.

From information sent to this service, I understand Ageas has already completed the steps above aside from the part relating to interest.

### **My final decision**

My final decision is that I uphold this complaint. So, Ageas Insurance Limited needs to put things right by following the steps outlined above, if these haven't already been done.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr C to accept or reject my decision before 9 August 2023.

Rebecca Ellis  
**Ombudsman**