

## **The complaint**

Mr M complains that AA Underwriting Insurance Company Limited (AA) declined to cover the full cost of repairs to his kitchen after an escape of water, under his home buildings Insurance policy.

## **What happened**

A pipe beneath Mr M's kitchen floor burst. This caused damage to the floor. Mr M contacted AA to make a claim and it sent an assessor. The assessor agreed with Mr M that the whole kitchen floor, and sub floor would need to be taken up and replaced. Mr M says the kitchen needed to be removed prior to the floor repairs, and then replaced.

Mr M says AA offered a settlement payment for around £7,000. A local contractor quoted him £12,500 to do the repairs as AA set out in its schedule of work. He says the contractor's quote seemed reasonable, but AA's offer was unrealistic given current levels of inflation.

Mr M arranged for the repairs to be completed by his contractor. The granite work tops were damaged when being removed. Mr M says this was unavoidable. He thinks AA should cover the cost of replacing the work tops, but it refused. Mr M also believes AA should cover the cost of replacing the flooring in full. He says this is around 55m<sup>2</sup> not the 10m<sup>2</sup> area AA agreed to pay for.

In its final complaint response AA says its in-house surveyor thought the damage to the kitchen work tops and units, were the result of inadequate protections and workmanship, when removing the kitchen. It says this didn't happen as a result of the insured cause, which was an escape of water. It didn't agree to pay more under Mr M's claim.

Mr M thought this was unfair and referred the matter to our service. Our investigator didn't uphold his complaint. He says AA has offered to include the cost of flooring insulation. If Mr M can evidence this was in place and required replacement. Our investigator didn't think AA was responsible for the damage Mr M's contractors caused when removed the existing kitchen. Because of this he didn't think AA needed to take any further action.

Mr M disagreed and asked for an ombudsman to consider his complaint.

It 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'm not upholding Mr M's complaint. I'm sorry to disappoint him, but I will explain why I think my decision is fair.

I've read Mr M's policy terms and conditions. His policy covers damage resulting from a leaking pipe. Under the heading "*General Conditions Relating to Claims*" Mr M's policy terms say:

*“How we will settle your claim*

*At our option we will: • repair or rebuild the damaged part using our suppliers; or • make a cash payment if you wish to use your own supplier. If we make a cash payment, we will only pay you what it would have cost us using our suppliers and therefore the amount you receive may be lower than the cost charged by your suppliers”*

AA's schedule of works say it will cost £7,752.96 to complete the repairs. I've compared this with the quote Mr M received from his contractor dated 31 May 2023. The quote is less detailed and summarises the work to be done. However, I think both set out the same repairs. One difference is that Mr M's contractor quotes for 55m<sup>2</sup> of flooring repairs. This includes subflooring. AA's schedule says that 51m<sup>2</sup> of flooring will be either, *“previously set aside or newly supplied”*. But only provides for 10m<sup>2</sup> of subfloor materials to be replaced.

I note Mr M questioned the decision to only include 10m<sup>2</sup> of the flooring into AA's schedule of works. I can see our investigator queried this with the business. In its response it says only 10m<sup>2</sup> of the floor was damaged by the water leak. So, it correctly allowed for 10m<sup>2</sup> of the subfloor to be replaced. The schedule allowed for 51m<sup>2</sup>, of the oak flooring, to either be replaced or re-laid. So, the visible part of the flooring was to be re-laid or replaced, and the subfloor damaged section was agreed to be replaced. This is in line with the policy terms. I can't see that AA treated Mr M unfairly here.

I think it's reasonable that AA considers a payment for the cost of replacing flooring insulation – if Mr M can show this was necessary. But I don't think he's shown that the costing it produced was unfair. AA's policy terms say it will arrange for repairs to be completed using its suppliers. Alternatively, it will make a cash payment if Mr M chooses to use his own suppliers. The terms explain it will only pay what it would cost AA to use its own suppliers. This may result in a lower payment that Mr M's supplier would charge.

I can understand why Mr M is unhappy with the cash payment offered by AA. This is much less than the quote he obtained. But I don't think this means AA treated him unfairly. Insurers can usually benefit from preferential contractor rates due to the volume of work they instruct. This means local contractors, such as the company Mr M used, will usually cost more. Mr M chose to appoint his own contractor, which he is entitled to do. But his policy doesn't cover the cost quoted by his contractor, only what it would cost AA to do the work.

I've thought about the damage that was caused to Mr M's kitchen worktops and bases, by his contractor. I acknowledge Mr M's comments that the damage was unavoidable. I've also read the report provided by AA's surveyor when the claim was first reported. The surveyor comments that it may be necessary to remove the full kitchen prior to the repair. His report also says:

*“The kitchen has stone worktops and back splash panels and these may break on removal.”*

The schedule of works included the following:

*“stone worktop and backsplash to remove, set aside and later refit, heavy tops, fragile due to hob cut out, careful removal, 2-3 man job to carefully remove/refit to avoid damaging”*

In its final complaint response AA says its in-house surveyor had reviewed the images of the damage caused. He says this was the result of inadequate protections and workmanship, as opposed to unavoidable damage. I can see that our investigator asked AA for a more detailed explanation to support its view on this point. It responded with further comments from its in-house surveyor. The surveyor says:

*“.. the worktop being granite will have weak areas preferably [sic] in the cut out for sinks, hobs etc in this case the sink so there is 2 points a couple of inches from the front corners that will require supporting props to take the pressure off the worktop as the base unit below is removed preventing breakage, (previous experience and few installs and removals of this very element qualifies me in knowledge of this).”*

Having considered all of this, it's clear the process of removing the granite worktops had to be done carefully to avoid damage. AA's surveyor is clear in his opinion that inadequate support was provided under the weaker sections of the worktops. He says this also accounts for the damaged base unit. This is where too much weight was allowed to act on the base unit resulting in the damage seen in the photos. The surveyor maintains that using the correct approach would have allowed for the successful removal of the worktop.

I've also considered the information contained in Mr M's contractor's quote. The section referring to the removal of worktops and upstands, says these are likely to be damaged during removal.

I'm not an expert in this area. So, I must rely on the opinion of those who are. AA has provided the opinion of an expert surveyor. He says the kitchen, including the worktops and bases could've been removed without damage, had this been done correctly using the correct support. Although I note what the contractor says in his quote, I'm more persuaded by the surveyor's expert opinion, that removal of the worktops was possible without causing damage. The likelihood being that Mr M's contractor caused the damage by not using the correct support.

Based on this evidence I don't think AA behaved unreasonably when offering the settlement payment it did. I don't think it acted unfairly when declining to increase its settlement payment as a result of the damage caused by Mr M's contractor. It's reasonable that AA considers the additional flooring insulation costs, as it has offered to do, if Mr M can show this was a requirement of the restoration works. But I can't fairly ask AA to do anymore to resolve Mr M's complaint.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 16 October 2023.

Mike Waldron  
**Ombudsman**