

## The complaint

Mrs F and Mr S are unhappy with the service provided by Aviva Insurance Limited (Aviva) following a claim made on their home insurance policy.

Mrs F and Mr S are both parties to this complaint. Mr S has primarily dealt with this service. For ease of reference I have referred to Mr S throughout this final decision.

Aviva is the underwriter of this policy. Part of this complaint concerns the actions of third parties instructed on the claim. Aviva has accepted it is accountable for the actions of third parties instructed by it. In my decision, any reference to Aviva includes the actions of any third party instructed by Aviva during the course of Mr S's claim.

## What happened

I set out the background to Mr S's complaint in the provisional decision I issued on 11 March 2024, but I'll set it out again below.

On 18 March 2023 Mr S contacted Aviva explaining '*I have a major leak inside my home looks like [the] main pipe burst under my floor and [is] leaking water... I have 3 young kids. I need emergency assistance.*' The terms and conditions for Mr S's home insurance policy explained:

***Loss of rent and the cost of alternative accommodation***

*If we have accepted a claim for damage to your home and the damage means your home can't be lived in, we will pay:*

*c. any reasonable additional accommodation expenses for you and your domestic animals, until the home is ready to live in.*

*When we refer to 'reasonable accommodation expenses' in this section this means that we will pay for alternative accommodation taking all of the circumstances of your claim into account, including your needs, the length of time for which accommodation is needed and alternative (and comparable costs of) accommodation available locally. We are happy to discuss and can offer help in finding accommodation.*

Mr S told Aviva he had checked into the cheapest available hotel close to his home, that still allowed him to care for his pets when needed, and also for the convenience of dropping and collecting his children from their school.

Aviva sent a surveyor to inspect the damage and complete a scope of works. Mr S told Aviva that he would prefer to use his own contractor (company C) to complete the remedial work required. On 23 March Mr S sent a quote and scope of works from company C to Aviva to review.

Mr S tried to call Aviva asking for an update. The call notes recorded '*I asked is he wanting to cash settle the whole claim and he said yes, at this point I advised I'd get the file handler*

*to look into this and ask Aviva to make payment.* Mr S sent several chaser emails to Aviva asking for an update on his claim, and when he'd receive the cash settlement amount.

On 17 April Aviva informed Mr S that the cost of staying in a hotel was excessive. Mr S was told a third party (company A) would be in touch with him to discuss alternative accommodation. Company A tried to contact Mr S, but alternative accommodation was not agreed.

On 20 April Aviva wrote to Mr S and advised '*...we must seek our own accommodation routes due to the excessive cost of your hotel. You may stay in the hotel if you wish, but we may not be able to cover further weeks in the hotel.*'

In May 2023 Aviva instructed the surveyor to attend a second time to inspect the damage caused by the escape of water. On 30 May Aviva informed Mr S that it would ask its surveyor to call Mr S to discuss a settlement figure for his claim. Mr S was also informed that he will be contacted about the invoices received for settlement of Mr S's hotel costs. Mr S didn't hear anything, and so raised a complaint about the delay in dealing with his claim, and escalating hotel costs. Mr S also provided Aviva with invoices for his hotel costs, covering the period 23 March to 2<sup>nd</sup> June 2023.

Aviva responded to Mr S's complaint on 29 July saying '*I appreciate that you are staying in a reasonable cost hotel locally to enable you to keep all 13 pets at home, walking distance to be able to attend to all their needs. Whilst I think this is reasonable, we must explore all avenues to ensure the most cost effect accommodation is sought whilst the property is being repaired. We do require you to talk with [company A] to try to find suitable alternative accommodation, even if just an exercise to determine if costs are reasonable, we would need to consider accommodation for all the pets to, if they were to go into care whilst you are out of the property.*'

Mr S was unhappy with this decision, and brought his complaint to this service for investigation. The investigator recommended Aviva pay Mr S £200 compensation for the lack of progression of his claim, and the impact it had had on him. The investigator also recommended Aviva cover Mr S's hotel costs from 23 March to 20 April 2023, plus 8% simple interest from 20 April 2023 until payment is made.

Aviva didn't accept the investigator's findings saying '*The customer hasn't submitted the invoice so I don't understand why we should be paying interest or comp on this as the customer has not corresponded with us at all regarding the claim.*' As the complaint couldn't be resolved it's been passed to me for decision.

I issued a provisional decision on Mr S's complaint. This is what I said about what I'd 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.*

#### *Payment of alternative accommodation claim*

*Aviva say Mr S failed to engage with the third party (company A) instructed to deal with managing Mr S's alternative accommodation claim. Mr S says Aviva was well aware of his circumstances, and he continued to stay in the hotel as no suitable alternative accommodation was offered.*

*Aviva has explained that several voicemails were left to try and reach Mr S, but these contacts were not responded to. I've considered Aviva's comments. But I don't think this*

materially impacts how Aviva ought to have handled his alternative accommodation claim. I'll explain why.

*At the time of trying to reach Mr S, I'm persuaded that Aviva had enough information about Mr S's circumstances to have carried out a search of suitable alternative accommodation, based on Mr S's needs and circumstances. Aviva was aware of the number of children and pets that would need consideration as part of any alternative accommodation offered. I think Aviva should've done more to investigate what options were available, and presented these to Mr S. If successful contact couldn't be made by phone, Aviva could've attempted to reach Mr S by email. I've seen Mr S was responsive on email. I also think this would've been the best option to clarify any information needed, and subsequently highlight alternative accommodation options, and explain why these options would offer better value for money compared to Mr S staying in a hotel.*

*I'm satisfied Mr S chose the most economical option, that offered convenience and value for money, given his needs and circumstances. Mr S has provided a detailed testimony about needing accommodation which was close to his family home. This is so that he could still care for his 13 pet rabbits. Mr S has explained how the pets offered a source of comfort and calm for his children whilst being away from home. Mr S has also explained how he wanted to minimise the impact on his children following the incident in his home. By choosing to stay in a nearby hotel, he was able to continue the same arrangements for school drop off and collection as before the incident. I'm persuaded Mr S's decision-making on where to stay, keeping in mind the various challenges, was overall reasonable.*

*I've seen that on 15 June 2023 Aviva sought further clarification from the claims handling company on why Mr S had remained in a hotel for so long, and what attempt had been made to offer alternative accommodation. But I can't see that the claims handling company answered these concerns. It was also stressed that 'I can see from the tracker that [the claims handling company] are trying to get accommodation for the family but I can also see that [company A] have chased for information regarding the length of time it will be required... I cannot see that they have had this answered.'*

*Having reviewed the evidence I think Aviva failed to actively manage Mr S's claim. I can't see that Aviva had sourced any suitable alternative accommodation, and provided Mr S with these options, explaining why it was better for Mr S to move out of the hotel.*

*If Aviva needed further information from Mr S before it could find suitable alternative accommodation, it could've attempted to obtain this by email. I can't see that it did. Instead it only reminded Mr S about escalating hotel costs, without offering any other options. Because of this, Mr S continued to stay in the most convenient and economical option available to him at the time. In line with the terms for alternative accommodation in Mr S's policy, I think it's fair for Aviva to cover Mr S's hotel costs for the period he has provided invoices for.*

*The scope of this decision covers the period from 25 March to 2nd June 2023- representing the invoices provided to Aviva before it sent a final response letter to Mr S. I am minded to direct Aviva to settle Mr S's alternative accommodation claim for this period in line with the Page 3 of 5 terms and conditions of Mr S's policy. I think that's a fair resolution in light of the evidence I've seen. I have seen that the invoices presented to Aviva for this period include the cost of evening meals for five people. I think it's reasonable for Aviva to cover this cost given the type of accommodation Mr S was staying in, and lack of cooking facilities available.*

#### *Claim handling*

*Mr S has advised that Aviva has now cash settled his claim, but he remains unhappy with*

*this amount. In line with our rules, I can only consider a complaint which Aviva has had a chance to respond to first. So as part of this decision, I've considered this period of delay and the impact on Mr S, for the period representing the start of the claim, to the date of the final response letter sent in July 2023.*

*The investigator recommended Aviva pay Mr S £200 compensation for the trouble and upset caused by the delay in dealing with Mr S's claim. I'm satisfied this amount is fair and reasonable, and in line with our approach. I'll explain why.*

*I've seen that as early as two weeks of notifying Aviva about the escape of water incident in March 2023, Mr S had provided Aviva with a quote and scope of works from company C to review in settlement of his claim. Within a few days of this, Mr S called Aviva for an update. The call notes recorded 'I asked is he wanting to cash settle the whole claim and he said yes, at this point I advised I'd get the file handler to look into this and ask Aviva to make payment.'*

*However I've seen that no substantive movement was made on Mr S's claim between the date of this note, and Mr S's complaint to Aviva in June 2023. During this time Mr S continued to chase Aviva for updates, but no meaningful updates were provided. I'm persuaded this caused Mr S undue upset and stress.*

*It's not disputed that a claim of this type, involving a large scope and costs, can be subject to delays because of the level of scrutiny required to ensure decisions are in line with the policy terms. But as Aviva was responsible for managing the claim, it should've done more to support Mr S by providing regular and meaningful updates, and progressing the claim in a timely way. Aviva's failure to do this meant that there were parts of the claim which were not efficiently progressed, and Mr S was left chasing for updates. I've also explained how Aviva failed to manage the alternative accommodation aspect of Mr S's claim properly.*

*When thinking about the impact on Mr S because of Aviva's poor service, I think payment of £200 is fair compensation in recognition of what's happened, the period of delay, and the impact on Mr S. I'm persuaded £200 recognises the impact on Mr S because what went wrong with the handling of the claim, but also takes into consideration the overall direction to Aviva for settling this claim.*

### **Putting things right**

*I intend instructing Aviva Insurance Limited to:*

*1. Settle Mr S's claim for alternative accommodation in line with the terms and conditions of his policy for the period 25th March to 2nd June 2023 based on the invoices Mr S has provided for the hotel he was staying in during this time.*

*Pay 8% per annum simple interest\* on this amount from 2nd June 2023 until the date payment is made.*

*2. Pay £200*

*\*If Aviva considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs J and Mr S, how much it's taken off. It should also provide a tax deduction certificate if requested, so tax can be reclaimed from HM Revenue & Customs if appropriate.*

### **My provisional decision**

*For the reasons given above, I'm minded to direct Aviva Insurance Limited to put things right as set out above.*

### **The responses to my provisional decision**

I invited both Mr S and Aviva to respond to my provisional decision.

Mr S responded and agreed with the provisional decision. Aviva also responded and confirmed it agreed with the provisional 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've thought carefully about the provisional conclusions I reached. As both parties have accepted my provisional decision, and neither party has provided anything which would lead me to depart from this, my final decision remains the same as my provisional decision, and for the same reasons.

### **Putting things right**

Aviva Insurance Limited is directed to:

1. Settle Mr S's claim for alternative accommodation in line with the terms and conditions of his policy for the period 25th March to 2nd June 2023 based on the invoices Mr S has provided for the hotel he was staying in during this time.  
Pay 8% per annum simple interest\* on this amount from 2nd June 2023 until the date payment is made.

2. Pay £200

\*If Aviva considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs J and Mr S, how much it's taken off. It should also provide a tax deduction certificate if requested, so tax can be reclaimed from HM Revenue & Customs if appropriate.

### **My final decision**

For the reasons provided I uphold this complaint.

Aviva Insurance Limited must follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J and Mr S to accept or reject my decision before 3 May 2024.

Neeta Karelia  
**Ombudsman**