

The complaint

Mrs K complains about how Ageas Insurance Limited (Ageas) dealt with a claim under her home insurance policy for damage to carpets at her property caused by a faulty heater.

Ageas use agents to administer the policy and to assess claims. References to Ageas include these agents.

What happened

In December 2022 Mrs K contacted Ageas to tell them about damage to carpets in the bedrooms and hallway at her property, which had been scorched by a faulty portable electric heater Mrs K was using to heat her property because of an issue with the central heating. Mrs K lodged a claim under the accidental damage section of her policy. Ageas appointed a supplier (S) to validate the claim. S visited the property to inspect the damage and show Mrs K samples of replacement carpets. The samples weren't an exact match in terms of material and design, but Mrs K chose a sample made from manmade material, rather than the wool of her damaged carpets.

Mrs K said she felt pressured into making a selection from the samples offered by S during their visit but made it clear she wanted to think about it further. She'd then sourced an equivalent replacement for the hallway, stairs and landing from a retailer, who visited her home, took measurements, and provided a quote for replacement (£1,755.01). Separately, she provided an additional quote from another retailer for the two bedrooms (£2,247.10) making a total of £4,002.01. She also provided a quote from a third retailer, covering all areas, at a cost of £4,038.56.

She sent the quotes to Ageas, requesting a cash payment for the quote amount. Mrs K said she spoke to Ageas and was told they would arrange for payment.

But Ageas then said some items quoted for didn't need replacing (carpet grippers, underlay and door bars) as they hadn't been damaged. S said they couldn't match the quote from Mrs K but could change the replacement carpet for the hallway, stairs and landing. Based on this, Ageas offered a voucher from their preferred supplier (for £2,525.84) which they said meant the carpets being replaced on a 'like for like' basis'. However, Mrs K didn't think the replacement carpets offered were on a 'like for like' basis and didn't want a voucher for the preferred supplier. As an alternative, Ageas then offered Mrs K a cash settlement of £1,894.38 – which reflected the discount Ageas would get from the preferred supplier against the value of the vouchers.

Unhappy at what Ageas had offered in terms of vouchers and then a cash settlement, Mrs K complained. Ageas didn't uphold the complaint. In their final response they referred to the policy terms and conditions covering repair or replacement of damaged items. These provided for replacement of contents being through their network of suppliers, but where a cash settlement was offered it would not exceed the amount they would have paid the suppliers. Ageas said that if Mrs K wanted to accept their cash settlement offer, the policy excess of £100 would need to be deducted.

Mrs K then complained to this service. She said the replacement carpets offered for the hallway, stairs and landing weren't of equivalent quality, material or design to her damaged carpets. The closest in design wasn't of equivalent quality. She was also unhappy at being offered a lower cash settlement as an alternative to the vouchers offered for Ageas's preferred supplier, which she thought was putting pressure on her to accept the voucher offer. If she accepted the cash settlement offer, she could only carpet the hallway, stairs and landing from the second retailer – leaving very little for the two bedrooms.

Her personal circumstances meant she'd had to spend more time caring for a relative with a serious illness, meaning she'd planned to market her property. This had been affected by the dispute with Ageas over the damaged carpets, which she thought may have affected the value of the property. She wanted Ageas to settle her claim in full, on the basis of the quotes she'd provided.

Our investigator didn't uphold the complaint, concluding Ageas hadn't unfairly settled the claim in line with the terms and conditions of the policy and didn't need to take any action. She thought Ageas had offered a higher quality replacement carpet (for the hallway, stairs and landing) that was similar to the damaged carpet. Nor was there evidence to indicate the carpet grippers and underlay needed replacing. In offering a cash settlement lower than the value of the vouchers initially offered, Ageas had acted in line with the policy terms and conditions. And it wasn't uncommon for insurers to receive discounts from suppliers, meaning it would cost them less than if a policyholder approached the supplier direct.

Mrs K disagreed with the investigator's conclusions and asked an ombudsman review the complaint. She said she hadn't been sent the policy terms and conditions until after she'd complained to Ageas, only some information from insurance intermediary through which she'd taken out and subsequently renewed her policy. In the absence of being sent the policy terms and conditions in the cooling off period this made [the policy] invalid. Second, she said Ageas (their supplier) weren't able to offer a replacement carpet in 100% wool, only a lower quality carpet. Third, Ageas didn't adjust their offer in respect of the replacement carpet for the hallway, stairs and landing.

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'd first want to say I appreciate what Mrs K has told us about her personal circumstances and her caring responsibilities and I recognise the impact this will have had on Mrs K. I also sympathise with the loss she told us about when responding to our investigator's view and that this will have been very difficult for her. I've borne this in mind when, as is my role here, deciding whether Ageas have acted fairly towards Mrs K.

The main element of Mrs K's complaint is that Ageas have acted unfairly in, firstly offering replacement carpets that aren't a like for like for her damaged carpets. And the value of the vouchers offered (and the subsequent cash settlement) are significantly less than the quotes she's provided from three retailers. Ageas say they've acted reasonably in line with the policy terms and conditions in their offer of replacement carpets and the value of vouchers through their preferred supplier. And the cash settlement offered reflects the amount they would have paid their preferred supplier (due to the discount they receive).

In considering the issues, as Ageas refer to the policy terms and conditions in their final response, I've looked at what the policy sets out. Ageas refer to the following policy terms and conditions on how they will settle claims, under a heading *What happens when I make a contents claim* in Section 2: Contents:

“As long as the loss or damage is covered under your policy...we will decide whether to settle your claim by:

- repairing;*
- replacing; or*
- by making a cash payment in respect of the damaged contents.*

We will repair or replace the contents where we can.

Your schedule and/or your policy wording will show the amount of cover provided.

If we offer to repair or replace your contents this will be through our network of suppliers, but if we agree to pay you in cash, then payment will not exceed the amount we would have paid to our network of suppliers.”

Mrs K says she felt pressured into choosing from the samples shown to her by S during their visit. S say it was made clear to Mrs K that, for the hallway, stairs and landing, the design she thought matched most closely that of the damaged carpets was of a manmade material, not the wool of the damaged carpet. But they subsequently changed the replacement carpet for the hallway, stairs and landing to reflect an 80/20 wool blend carpet.

The voucher figure reflects the cost of replacing the carpets (for all areas) through Ageas's preferred supplier. The cash settlement figure is what the preferred supplier would charge Ageas for supplying and fitting the carpets.

Considering all these points together, I can't conclude Ageas have acted unfairly or unreasonably. The policy terms and conditions set out above make it clear it's Ageas's decision on how to settle a claim, in this case by replacing the damaged carpets. And in that scenario, it's clear this will in the first instance be through their preferred supplier. Where a policyholder doesn't want to take the vouchers offered for that preferred supplier (as is the case here) then Ageas are able to offer a cash settlement – but at the cost to them through their preferred supplier.

This is common practice with household insurance policies, as insurers are able to use their purchasing power to secure discounts from their preferred suppliers – which individual policyholders are unlikely to secure. This reduces the cost of claims for insurers, which in turn is reflected in the cost of policies. I can't conclude it's inherently unfair or unreasonable.

I've also considered the issue of the quality (and design) of the replacement carpet offered for the hallway, stairs and landing – as this appears to be the key area of disagreement. From what I've seen, the samples shown to Mrs K during S's visit didn't have the design Mrs K would have wanted, for the material closest to her damaged carpet. The design closest was in a manmade material, not wool. S subsequently changed the replacement to one in an 80/20 wool blend. While not 100% wool, I don't think this is unreasonable. In the circumstances, some degree of compromise is what I would have expected (the balance of design and material). Mrs K says Ageas didn't make any adjustment to their offer, but the key point is whether the offer included the carpet Ageas refer to, and on the basis of what they've said, I think that's the case.

On the issue of whether replacement should have included carpet grippers, underlay and door bars, from the photographs of the damaged (scorched) carpets there doesn't appear to be obvious damage to any of these items. So, I don't think it unreasonable for Ageas (S) to conclude they wouldn't need replacement (they are, variously, included in the quotes Mrs K obtained from the retailers).

I've also considered the other specific points raised by Mrs K when responding to our investigator's view. On her first point, that she wasn't provided with the policy terms and conditions, I can see she was provided with a Statement of Fact document, Policy Schedule and Insurance Product Information Document (IPID) by her insurance intermediary at the most recent renewal of her policy before the incident and her claim. I haven't seen what may have been provided when Mrs K initially took out the policy, so I've considered what was provided at the renewal.

While the full policy terms and conditions weren't included, they are referred to in the documentation provided by the intermediary and it's made clear (in the Statement of Fact document) that the information should be read alongside the policy wording (and Policy Schedule). The Statement of Fact document also refers to the policy wording providing details of the cover provided and the terms and conditions applied. So, I don't think it unreasonable that Mrs K could have accessed the policy terms and conditions (either through an online account, or on request to the insurance intermediary – which is explicitly set out in the Statement of Fact document). And this would have applied to the cooling off period (another of her points).

It follows that this means the policy wasn't (as Mrs K contends) 'invalid' (or that specific terms and conditions are invalid). But if Mrs K (now) believes the policy was miss old to her, that would need to be raised as a new, separate complaint to Ageas (in the first instance).

I've also considered what Mrs K has told us about her circumstances, including her caring responsibilities and plan to market her property. I appreciate what she's said and the impact her circumstances will have had on her. But my role here is to decide whether Ageas have acted fairly towards Mrs K. As I've concluded they acted fairly and reasonably in line with the policy terms and conditions, then I can't reasonably hold them responsible for any impact the damaged carpets may have had on the market value of Mrs K's property or her ability to market it, or any potential lost sale that may have happened.

Taking all these points into account, I've concluded Ageas acted fairly and reasonably in handling Mrs K's claim, so I won't be asking them to take any further action.

My final decision

For the reasons set out above, it's my final decision not to uphold Mrs K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 8 February 2024.

Paul King
Ombudsman