

## **The complaint**

Mr and Mrs W complain that Ageas Insurance Limited (Ageas) unfairly declined their claim on their landlords' insurance policy. They'd like their claim for the cost of alternative accommodation to be paid.

Mr and Mrs W have dealt with other businesses throughout their claim. But Ageas, as the insurer, is responsible for this complaint. So I've only referred to them in my decision.

## **What happened**

Mr and Mrs W's boiler broke down at the end of September 2020. They said that the boiler was inspected and immediately declared dangerous. They said a prohibition notice was issued. So their tenants had to move into temporary accommodation while the problem was being resolved.

The boiler was declared beyond economical repair. Mr and Mrs W had it replaced at their own expense. They said that they never made a claim for the cost of the boiler.

In December 2020, Mr and Mrs W contacted Ageas to make a claim on their landlords' insurance policy. The claim was for the cost of the alternative accommodation they'd had to provide for their tenants due to the issues with their broken boiler.

On 9 February 2021, Ageas wrote to Mr and Mrs W to decline their claim. They said there'd been no insured event, so the claim wasn't covered under the terms and conditions of the policy. They said cover wasn't provided for any mechanical or gradually caused damage. And because there was no claim for damage, they couldn't cover the cost of alternative accommodation either.

Mr and Mrs W didn't agree with Ageas. They said their claim was a consequence of their property being deemed uninhabitable due to the smoke from their broken boiler. They said they couldn't find any section of the policy terms that disqualified the claim based on where the smoke originated. They confirmed they weren't making a claim for any damage to their property. But that they were claiming for the cost of the alternative accommodation they'd had to cover due to their tenants having to be temporarily evacuated because of the dangerous fumes and smoke.

Ageas issued their final response letter to Mr and Mrs W in May 2021. They said the loss that was being claimed for was excluded under the policy. And that there was no cover under the policy for alternative accommodation where there was no insured damage to the property.

Mr and Mrs W didn't agree. They said they weren't claiming for the replacement boiler. They noted that the boiler system had to be replaced, which led to gas and electrical services being temporarily unavailable. But that the reason the tenants had to be provided with alternative accommodation was due to the smoke and dangerous fumes coming from the broken boiler. Under the circumstances, they believed their policy covered them for the cost of alternative accommodation. Mr and Mrs W brought their complaint to this service.

Our investigator didn't uphold their complaint. He reviewed the policy terms, which he felt were typical. He felt that as no claim had been made for smoke damage, cover for alternative accommodation hadn't been triggered.

Mr and Mrs W didn't agree. They said that they were only claiming for the cost of alternative accommodation, not property damage. They said that smoke had rendered the property uninhabitable. And they felt that their policy covered them if loss or damage was incurred as a consequence of smoke. They didn't agree that there was a qualification in their policy that there also had to be damage to the property for a successful claim for alternative accommodation. So their complaint has come to me for a final 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.

Having done so, I'm not going to uphold it. I'll explain why.

This complaint hinges on Mr and Mrs W's reading of the policy terms and conditions. They've read the policy terms and concluded that their claim for the cost of alternative accommodation should be covered. From what I've seen, this is because they believe that the "loss of use" of their property is covered under the terms of the policy. While I acknowledge their strength of feeling on this point, I don't agree that it is.

Before I look in detail at the policy terms, I'd like to cover a point Mr and Mrs W have made. I can see that there's been a lack of clarity when their claim has been discussed. I acknowledge that at no point did Mr and Mrs W make a claim for the cost of replacing their broken boiler. Ageas' contact notes reference that Mr and Mrs W only wanted to make a claim for the cost of alternative accommodation.

I'll now look at the policy terms. These explain what's covered under part A of the Buildings Section. I've copied the relevant wording below:

#### *Section 1 - Buildings*

##### *What is Covered:*

- A. Loss of or damage to the Buildings caused by any of the following:*
- 2. Smoke*

The policy terms also explain when the cost of alternative accommodation is covered:

##### *What is covered*

##### *F. Loss of Rent and the cost of Alternative Accommodation*

*If the Property is damaged by any cause listed under Section 1A and, as a result, it cannot be lived in, We will pay:*

*(a) for Your loss of rent; or*

*(b) any reasonable extra accommodation expenses; until the Property is ready to be lived in.*

The terms clearly state that alternative accommodation is only covered if the property is damaged by any cause listed under Section 1A. The property then has to be uninhabitable as a result of that damage.

There is no evidence that the property was damaged by the smoke Mr and Mrs W said came from their broken boiler. In fact, they've stated that they weren't claiming for any damage to their boiler, or to their property. So their claim doesn't meet the terms and conditions of their policy. So it wouldn't be fair or reasonable for me to ask Ageas to cover it.

I acknowledge that Mr and Mrs W have taken part A of the Buildings Section to mean that any "loss of use" of their building is covered. But it doesn't say that. It says loss. And section F shown above also clearly states that the property must've been damaged by any cause listed under Section 1A for a claim for the cost of alternative accommodation to be covered.

Put simply, without a successful claim under Section 1A for damage to property, it's not possible under the terms of the policy to make a successful claim for the cost of alternative accommodation. In this case, the smoke Mr and Mrs W said caused the need for alternative accommodation would've also have had to caused property damage.

I'm sorry to disappoint Mr and Mrs W, but as there's no evidence that the smoke which came from the boiler damaged their property, it wouldn't be fair or reasonable for me to ask Ageas to cover the cost of alternative accommodation in this case.

### **My final decision**

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 28 October 2021.

Jo Occleshaw  
**Ombudsman**