

The complaint

Mr and Mrs C complain about Ageas Insurance Limited's handling of a claim they made on a home insurance policy.

What happened

Mr and Mrs C insure their home with Ageas. The property was damaged following a burst pipe and they made a claim on the policy. Ageas accepted that the claim was covered.

Mr and Mrs C made a complaint to Ageas. They were unhappy with the way Ageas had handled the claim, saying that there were unnecessary delays and correspondence went unanswered. They were also unhappy with the amounts offered by Ageas to settle the claim. They had received an estimate from a local contractor which was significantly higher than the amount offered by Ageas to settle the claim.

When Ageas rejected their complaint, Mr and Mrs C referred it to our service. Our investigator thought that Ageas had acted fairly. Mr and Mrs C didn't agree and requested an ombudsman's decision.

My provisional decision

On reviewing the complaint, I was minded to partially uphold Mr and Mrs C's complaint. I also thought that while Ageas' settlement offer was fair, I did so for different reasons to our investigator. I therefore issued a provisional decision. In this, I said:

From my review of their complaint, I think it's fair to say that Mr and Mrs C's complaint can be divided into two sections – the settlement offer and Ageas' conduct during the claim. I'll look at these separately.

The settlement offer

Ageas made an offer of £10,390.86 to settle the claim. This amount was calculated as £6,390.86 for the amount its contractors would charge to carry out the repairs, and £4,000 for additional works to flooring which were subsequently identified as being required.

The terms and conditions of Mr and Mrs C's policy say that *"We may offer to repair, replace or rebuild any loss or damage through one of our approved suppliers, however, should you prefer to use your own supplier you may, providing you agree this with us beforehand. Should you use your own supplier, any payment made would not normally exceed the discounted amount we would have paid our approved supplier."*

I'm satisfied that the evidence suggests that Mr and Mrs C were given the option of using Ageas' contractors to carry out the repairs, but indicated their preference for a contractor they'd sourced to do the works.

Ageas has advised us that the £6,390.86 which was offered for the originally scoped works was the amount it would have paid its contractors to carry these out. An itemised scope of works had been prepared and the amount offered was based on the costs from that, less the

discount that Ageas receives from its contractors (and with allowances that wouldn't be usually covered due to alternative accommodation being offered to Mr and Mrs C for the duration of the repairs removed). Ageas will likely have the benefit of rates not usually available to private customers with its contractors.

The £4,000 additionally offered was the maximum it was suggested that additional works related to the flooring would cost, as the estimated amount was between £3,000 and £4,000. I'm aware that Mr and Mrs C dispute the accuracy of the scope of works relied on in reaching the £6,390.86 figure. I understand why this would be the case, as the additional works to the flooring weren't included within this. But I haven't seen any alternative scope of works which suggests that the works required and amounts quoted for that work are inaccurate. While additional works to the flooring were identified as being needed, the report which concluded that these were required didn't identify any other issues with the original scope of works.

Mr and Mrs C have provided a quotation from their preferred contractor totalling in excess of £25,000 for the works. However, this quotation doesn't list the individual cost of each piece of work unlike the scope of works relied on by Ageas (it lists in general terms the work required in each room and gives a cost per room for this) so I'm not persuaded that this quotation is a more accurate representation of the work required (and cost of it) than what Ageas has referred to when it calculated its settlement offer. Similarly, a letter from a surveyor engaged by Mr and Mrs C suggests the repairs would cost in excess of £20,000 but there's no breakdown or indication of how that figure has been reached.

For these reasons, I'm persuaded that it's fair for Ageas to base its settlement on the scope of works. There's nothing which persuades me that it significantly underestimates the work required or costs of that work. Ageas has also demonstrated how it reached the figure it offered for these works by reference to the amount it would pay its contractors for those works. The policy terms and conditions allow it to limit its settlement to what it would pay its own contractors to carry out the works, and I think it's fair to rely on this condition where it's offered for its contractors to carry out the works but Mr and Mrs C have indicated their preference to utilise their own.

I also think that the £4,000 additionally offered for the flooring works is fair. While no detailed breakdown has been provided of these costs, the amount estimated for these additional repairs was between £3,000 and £4,000. It's offered the maximum estimated, rather than seeking to establish an exact figure which it would be entitled to do, in order to progress the claim.

I conclude that Ageas' offer of £10,390.86 to settle the claim was reasonable in the circumstances.

Ageas' conduct during the claim

There are a number of aspects of the way the claim was handled that Mr and Mrs C are unhappy about and complained about to Ageas. They were dissatisfied with the use of representatives who had to travel long distances to attend their address for appointments, delays to the claim and the level of communication from Ageas during the claim.

In respect of the use of representatives, I'm aware that in order to attend appointments at Mr and Mrs C's property, the appointed representative had to travel a significant distance. What isn't clear is what detriment Mr and Mrs C have suffered because of this. The representative's costs are met by Ageas and wouldn't have any effect on cover for the claim or the amounts offered in settlement of it.

I'm also conscious that this claim has been ongoing for a significant period and, to date, hasn't been resolved. The burst pipe occurred in late 2019 and I don't underestimate the disruption and distress the damage and ongoing claim has caused to Mr and Mrs C, especially considering the Covid-19 related lockdowns and restrictions which have occurred during this time.

Unfortunately, the nature of insurance claims made for damage to property, particularly those involving escapes of water, is that they will often take a significant amount of time to resolve. For example, the extent of the damage needs to be established and repairs need to be assessed. There's often a need to engage various representatives to carry out the necessary enquiries and assessments. Such matters are an accepted element of a claim, and we wouldn't usually say that an insurer had acted unreasonably in making such assessments. Insurers are obliged to handle claims promptly and effectively. Where this doesn't happen, we'd say delays that arise are avoidable and expect insurers to put things right.

Looking at the evidence available to me, I'm not persuaded that there are avoidable delays here which can be attributed to Ageas (or its appointed representatives). It has taken time to obtain the relevant reports and assessments, but it seems to me that these were not unnecessarily delayed and Ageas was seeking to progress the claim. There's also been an ongoing dispute with Mr and Mrs C about the settlement and resolving the claim but I do think that within this time Ageas was seeking to move the claim forward.

There is one area however where I do agree that Ageas could have done better. There has been a lot of contact between Mr and Mrs C and Ageas, as would be expected with a claim which has been ongoing for this length of time. It does seem to me that the overwhelming majority of this has been instigated by Mr and Mrs C, and them calling and emailing Ageas. I also think that there were occasions when this contact didn't result in a response from Ageas as it should have done, resulting in Mr and Mrs C making further contact in an attempt to find out what was happening on the claim.

While I agree that Ageas was progressing the claim without unavoidable delays, I think the contact could have been managed better. It shouldn't have been reliant on Mr and Mrs C chasing Ageas for updates. I can see that between November 2019 and January 2020, Mr and Mrs C sent at least 10 emails to Ageas, seeking updates or chasing responses, and haven't seen any evidence that these were properly responded to.

While Mr and Mrs C were contacting Ageas regularly, I think that some of this could have been avoided by agreeing that when there was an update on the claim, Ageas would contact Mr and Mrs C to advise of this, or in the alternative Ageas would update on a regular, agreed basis with what had happened since the last contact. It was evident that Mr and Mrs C were (entirely reasonably) seeking regular updates and so to minimise the need for them to chase Ageas, I think measures could have been put in place to manage their contact.

I think this would have had a detrimental effect on Mr and Mrs C. They were in a position where their home was damaged and no date was known for when repairs would be carried out, and weren't getting pro-active updates from Ageas. I don't think it's surprising that they were unhappy with the way Ageas was progressing the claim in those circumstances. They were also having to make multiple phone calls and send multiple emails to Ageas which could, I think, have been avoided if Ageas had been more pro-active in managing the contact on the claim. I think it's reasonable to say that these factors have led Mr and Mrs C to conclude that the claim was being unnecessarily delayed.

To recognise the distress and inconvenience caused to Mr and Mrs C by the lack of communication from Ageas, I'm minded to ask Ageas to pay £250 compensation to them.

The responses to my provisional decision

Mr and Mrs C didn't respond to the provisional decision. In Ageas' response, it said it disagreed with my findings that the complaint should be partially upheld and compensation paid for the issues around communication with Mr and Mrs C.

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.

No new information has been provided, or any comment has been made on my reasoning for why the settlement offered by Ageas was fair. I've no reason to change either my findings or reasons on that point. I conclude that Ageas made a fair settlement offer to Mr and Mrs C for the repairs.

Turning to the matter of communication with Mr and Mrs C, I'm grateful for the further points raised by Ageas, as well as the timeline detailing contact between its representative and Mr and Mrs C. Ageas makes the point that Mr and Mrs C were contacting it on average every five days and so the likelihood of there being updates in that time were minimal. I understand this and also that Ageas considers Mr and Mrs C's contact to have bordered on the excessive.

As I've said before, I don't think that the claim was unnecessarily delayed and the information provided by Ageas supports this. My reasons why I thought the service received by Mr and Mrs C could have been better were around how the regular communication could have been managed. Ageas' response to my provisional decision appears to accept this in part, noting that agreeing a frequency of updates was a potential learning and training point.

That doesn't change what happened here though. While there was very regular contact coming from Mr and Mrs C to find out what was happening with the claim, I can understand why this was the case. They wanted to repair the damage to their property. In those circumstances, that Mr and Mrs C would contact Ageas to find out what was happening is not surprising, and when they weren't satisfied with the responses they were receiving, or having any response to queries, it's also unsurprising that the frequency of contact increased.

There's no doubt in my opinion that Ageas could have managed this better by informing Mr and Mrs C that they would provide an update on a set schedule. If Mr and Mrs C had then continued to contact Ageas outside of that schedule, I'd be less inclined to say Ageas did anything wrong. By not managing the contact, and Mr and Mrs C's expectations, better, I think Mr and Mrs C have been inconvenienced by Ageas. I conclude that this element of the complaint should still be upheld. For the reasons previously given, it's my opinion that Ageas should pay £250 compensation to recognise this.

My final decision

It's my final decision to uphold this complaint in part. In order to put things right, Ageas Insurance Limited must pay Mr and Mrs C £250 compensation. It must pay this amount within 28 days of us telling it that Mr and Mrs C accept our decision. If it doesn't, then it must pay simple interest at a rate of 8% per year from that date until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs C to accept or reject my decision before 21 March 2022.

Ben Williams
Ombudsman