

The complaint

Mr B and Mrs B complain about the way Aviva Insurance Limited handled and settled a claim against their buildings insurance.

What happened

The background to the complaint is well known to all parties so I won't repeat it in detail.

In summary, Mr B and Mrs B made a claim to Aviva in 2019 after a bird entered their property, causing damage to a sofa suite and carpets, amongst other things. Aviva accepted the claim and cash settled it. However, Mr B and Mrs B complained about the amounts Aviva paid them.

Aviva responded to the complaint maintaining they settled the claim fairly. They did, however, offer Mr B and Mrs B £250 compensation for the way things were handled. The dispute ran on beyond Aviva's final response letter which led to a further suggested increase to part of the settlement. But Mr B and Mrs B say the increased amount was never received.

Mr B and Mrs B approached our service after remaining unhappy with Aviva's response.

An investigator here considered things and later recommended Aviva increases the cash settlement amount for the sofa suite and pay £300 for polish (including interest on the £300 payment). She also recommended Aviva pays Mr B and Mrs B the £250 compensation they originally offered.

Aviva agreed, but Mr B and Mrs B didn't. They say Aviva withheld information from them and provided them with an unfair settlement. As such, they think Aviva should pay them the full value of a new sofa suite and increase the compensation amount. As no agreement could be reached, the case was 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.

Sofa suite

A sofa and chair were damaged beyond repair that were part of a three-piece set. Mr B and Mrs B say they paid £2,375 for it approximately 12 years ago and it's no longer made.

Aviva says they relied on the initial validation visit and further opinions from a surveyor to cash settle the sofa suite. I think Aviva could have been clearer in explaining their cash settlement reasoning, as it seems the surveyor provided an opinion in the absence of knowing the fabric grading of the suite, which Mr B and Mrs B say they provided.

Later, however, Mr B and Mrs B provided evidence they felt showed the cash settlement amount given for the suite should be increased. Following our involvement, Aviva agreed to

the increase the amount, from £2,897 to £5,497. I'm satisfied this is fair in all the circumstances based on the evidence Mr B and Mrs B provided. So, I'll be directing Aviva to pay the difference.

Mr B and Mrs B think Aviva should pay them the full value of another suite given the time that's passed and due to the way things were handled. But I don't agree. They've now shown a fair like for like replacement cost was £5,497 based on the market value at that time. This is Aviva's liability in respect of the claim so this is what they must now increase the initial cash settlement amount to.

Mr B and Mrs B also requested Aviva pays them the costs to remove the damaged sofa. Our investigator requested they provide evidence of these costs so it could be considered, but I cannot see anything further has been received in respect of this. So, while I won't be directing Aviva to pay this in my decision, should Mr B and Mrs B have further evidence, they should provide it to Aviva for further consideration.

Carpets

Mr B and Mrs B say they were forced to accept carpets of lesser quality that didn't resemble the damaged carpets. They also say they were poorly fitted, but I've seen however, in July 2021, it was agreed they would be replaced and refitted due to this.

After Aviva offered to cash settle the carpets, Mr B and Mrs B provided their own quotes that ranged from approximately £2,800 to £3,500. They say Aviva wouldn't consider these but did agree to settle this aspect of the claim to match a carpet they provided as an example they say was for the purpose of showing Aviva's cash offer was too low. Eventually, Mr B and Mrs B chose a carpet from Aviva's own supplier.

I can understand why Mr B and Mrs B requested Aviva meets their own quotes. But I haven't seen strong supporting evidence that shows the options given by Aviva were unreasonable, or of a lesser quality.

The policy says if all parties agree to a cash settlement, Aviva will only pay what it would cost them to repair or replace the item. So, I'm not satisfied Aviva were required to meet Mr B and Mrs B's own quotes. I've also seen an email from Aviva to Mr B and Mrs B from November 2019 which suggests they authorised their own supplier to upgrade the new carpet from the quality of the damaged one, which suggests Aviva were trying to put matters right reasonably. So, I don't require Aviva to do anything else here in respect of the carpets.

Level of service

Things could have been handled better overall. There were avoidable delays early on and I think the communication could have been better. For example, Mr B and Mrs B told us they provided Aviva with information they felt was being overlooked. They say they had provided Aviva with the fabric grade early on which appears to have been missed, and an offer to increase part of the settlement was made but later withdrawn. To be clear, I don't think the £500 settlement increase offered but later withdrawn should now be paid given I'll be directing Aviva to increase the settlement based on Mr B and Mrs B's latest evidence from the sofa retailer. These are just several examples which I think demonstrates poor service.

To add to this, a computer was also damaged and valued incorrectly which Aviva say was due to human error. This could have been the case, but this led to Mr B and Mrs B having to correspond further which I've no doubt would have added to their frustration.

Mr B and Mrs B were evidently unhappy with the amount of compensation Aviva offered. I do think Aviva could have paid this when it was offered given Mr B and Mrs B had already suggested they would be approaching our service. But I don't think this payment not being made makes a material difference to the outcome. I say this because my role is to consider, based on all the circumstances, what I consider to be fair and reasonable compensation in any event.

It follows, I agree there were some service issues which would have caused Mr B and Mrs B to experience a level of distress and inconvenience – over and above what's naturally expected following a claim. I do, however, think £250 compensation is fair, reasonable, and proportionate in all the circumstances to reflect the way things were handled. I wouldn't expect Aviva to include interest on a compensation award in this case because this amount in its very nature is to reflect any distress and inconvenience experienced. It is not intended to be a payment to reimburse an amount Mr B and Mrs B had lost out on or had to pay themselves as part of the claim. So, I won't be directing Aviva to include interest on the compensation payment.

I appreciate aspects of my decision will come as a disappointment to Mr B and Mrs B. I do appreciate this has been a frustrating period for them. But my decision ends what we – in attempting to resolve their dispute with Aviva – can do for them.

Putting things right

Aviva Insurance Limited must now pay Mr B and Mrs B the difference between £2,897 and £5,497, plus £300 for the polish and include 8% simple interest* (on the £300 payment for polish only) from the date of loss to the date of settlement. They must also pay £250 compensation for any distress and inconvenience caused.

*If Aviva Insurance Limited considers that they are required by HM Revenue & Customs to deduct tax from that interest, they should tell Mr B and Mrs B how much they've taken off. They should also give Mr B and Mrs B a tax deduction certificate if they ask for one, so they can reclaim tax from HM Revenue & Customs if appropriate.

My final decision

My final decision is I uphold the complaint. I now require Aviva Insurance Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 15 June 2022.

Liam Hickey
Ombudsman