

The complaint

Mrs O and Mr O complain about how Ageas Insurance Company Limited (Ageas) dealt with a claim under their home insurance policy for damage to a shared entrance at their property.

What happened

Mrs O and Mr O took out a home insurance policy with Ageas in September 2020, through a broker (R). In July 2021 a fire broke out at Mrs O and Mr O's property, which was attended by the emergency services. The fire was in the area between Mrs O and Mr O's property and a neighbour, causing damage to both properties. Mrs O and Mr O gave Ageas's details to their neighbour (who didn't have insurance). Mrs O and Mr O were told by the Fire Service they'd probably record the fire as accidental. Mrs O and Mr O contacted Ageas to notify them of the incident and make a claim. Ageas asked Mrs O and Mr O to send photographs of the damage (which they did) and appointed a claims assessor (P) to handle the claim. Ageas also appointed a loss adjuster (A) and (subsequently) a firm to clear debris from the fire (PO).

Mrs O and Mr O's neighbour told them they'd spoken to R and they'd said Mrs O and Mr O would need to admit liability for the fire for Ageas to pay for the damage to the neighbour's property. Ageas told Mrs O and Mr O they were assessing their claim and that they'd been contacted by the neighbour through R. Ageas also told Mrs O and Mr O they wouldn't deal with the neighbour (as the home insurance policy was held by Mrs O and Mr O, not the neighbour) and that the policy didn't cover damage to neighbouring properties.

An Ageas agent then attended the property and agreed the essential works carried out by a contractor (if Mrs O and Mr O could provide an invoice). The agent also told Mrs O and Mr O that damage to shared areas between the two properties would be covered under the claim.

Mrs O and Mr O then received a letter from the neighbour, which said they were holding them responsible for the fire and the damage it caused. The neighbour asked Mrs O and Mr O to forward the letter to Ageas, which they did. A then asked Mrs O and Mr O to give permission to request the Fire Service report (which they did). Ageas then contacted Mrs O and Mr O to say that, because the cause of the fire wasn't clear, the onus would be the neighbour to prove Mrs O and Mr O were responsible.

Mrs O and Mr O's neighbour then erected scaffolding in the entrance to both properties (blocking access). Mrs O and Mr O also received a letter from HM Courts and Tribunal Service telling them the neighbour had filed a claim for damages against them (for £10,021). Mrs O and Mr O contacted Ageas to ask them what they should do, and whether the legal protection cover in the policy would assist. Mrs O and Mr O didn't hear back from Ageas so, unhappy at what they thought was a lack of progress and updates about their claim, they complained to Ageas (as some six weeks had passed since the fire).

In the meantime, Mrs O and Mr O were reimbursed for the invoices they'd sent Ageas (£735, less £100 policy excess). Mrs O and Mr O also contacted Ageas about the legal claim against them and were told they'd appointed solicitors (K) to deal with the claim. K subsequently rejected the claim from the neighbour, but also confirmed to Mrs O and Mr O

they should put in a claim under the contents insurance section of their policy (provided by a different insurer, L). Mrs O and Mr O contacted L to make a claim. Shortly afterwards, the local council inspected the scaffolding erected by the neighbour, but advised it was a civil matter for Mrs O and Mr O to have it removed. L subsequently contacted Mrs O and Mr O to say they'd appointed their own firm of solicitors (D) to act in the case.

Ageas then responded to Mrs O and Mr O's complaint, which they upheld. In their final response, they noted what had happened and that (in respect of the repair work needed) they were awaiting a visit to the property to assess the scope of the work required, given the three estimates received by A were substantially higher than expected. On the issue of the legal claim, Ageas acknowledged Mrs O and Mr O told them about the claim several times, but they'd not told them the claim needed to be directed to L (as the contents insurer). Ageas noted L had taken over defence of the claim. Ageas also noted the Fire Service report was still awaited. Ageas apologised to Mrs O and Mr O for not giving the correct advice (to approach L). They also accepted there'd been avoidable delays progressing their claim. In recognition of this, by way of apology and for the difficulties caused to Mrs O and Mr O, Ageas awarded them £200 in compensation.

Mrs O and Mr O then complained to this service, unhappy at the length of time taken by Ageas in dealing with their claim and the service received. They said the situation had been very stressful for them, and their relationship with the neighbour had been irreparably damaged. They were unhappy at the legal claim against them, which was also very stressful. Mrs O and Mr O wanted a full apology for how their claim had been handled and for Ageas to accept they should have engaged with the neighbour to resolve the situation. They also wanted Ageas to accept the claim and proceed with the repairs, and to contact the neighbour to have the scaffolding removed.

Our investigator didn't uphold the complaint, concluding Ageas didn't need to take any action. He thought that while Ageas could have handled aspects of the claim better and there was confusion caused by the number of firms involved in different aspects of the claim, the offer of £200 compensation was reasonable in the circumstances. He also thought, given the neighbour didn't have their own insurance (which would have meant things would have been easier as the two insurers could have liaised with each other) it was likely that a legal claim would arise. The investigator also thought Ageas couldn't be held responsible for the neighbour's attitude towards Mrs O and Mr O, nor for delays in obtaining the fire report (which was outside their control).

Mrs O and Mr O disagreed with the investigator's view and asked that an ombudsman review the complaint. In doing so, they said Ageas should have referred them (and the legal claim) to L much sooner than they did. Had they done so, Mrs O and Mr O felt things could have been resolved sooner (and with less difficulty with the neighbour). Involving L sooner could also have meant L could have chased up the Fire Service report sooner. Together with the broken relationship with the neighbour, they felt Ageas's offer of compensation wasn't enough for the stress they'd suffered.

In my findings, I broadly agreed with our investigator's view. But I didn't think £200 was enough compensation for the distress and inconvenience caused to Mrs O and Mr O. While I concluded it was always likely a legal claim would be lodged by their neighbour, I thought Ageas should have been aware of the likelihood of a claim even before it was served. I also thought they should have directed Mrs O and Mr O to L much earlier than they did. So I concluded Ageas needed to do more to put things right. In the circumstances I thought £400 compensation for distress and inconvenience would be fair and reasonable.

As I reached different conclusion on the level of compensation to that of our investigator, I issued a provisional decision to give both parties the opportunity to consider matters further. This is set out below.

What I've provisionally decided – and why

I've considered the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'd first want to reassure Mrs O and Mr O and Mrs O that I've considered very carefully what they've told us about the incident and what's happened subsequently. I appreciate it's been a very stressful situation for them, particularly the impact it's had on the relationship with their neighbour, which is very unfortunate. But my role here is to decide whether Ageas have acted fairly towards Mrs O and Mr O – it's not to comment on the actions of the neighbour, nor how they've acted towards Mrs O and Mr O. Having said that, I do think the fact the neighbour didn't have insurance was always likely to have made the situation more difficult than it otherwise would have been. I say this because, in that situation, the two insurers would have been able to deal with the respective claims, the damage and liability issues.

Coming back to the specific circumstances of the case, I think the main issues are twofold. First, the length of time taken to progress the claim for damage from the fire to Mrs O and Mr O's property. And, second, the length of time Ageas took before telling Mrs O and Mr O they needed to direct the legal claim from the neighbour to L. In respect of both issues, Mrs O and Mr O are also unhappy at the lack of communication from Ageas.

On the first issue, I've looked at the evidence and information available. Mrs O and Mr O maintain that (to the point at which they complained to this service) three months elapsed from the date of the fire and repair work hadn't begun. Given the time of year, they were also concerned at the prospects for repair work being carried out before the weather deteriorated. For their part, Ageas accept (as they acknowledged in their final response) there were avoidable delays progressing the claim (and the level of communication with Mrs O and Mr O could have been better).

Having looked at the sequence of events, both as set out by Mrs O and Mr O and from the information and evidence from Ageas (including their case notes) I agree Ageas should have progressed the claim more quickly and they were responsible for avoidable delays. For example, delays in arranging inspection of the damage at the property and obtaining Mrs O and Mr O's authority for request of the Fire Service report, as well as in reimbursing Mrs O and Mr O for the cost of essential works required in the immediate aftermath of the fire. It's also clear that their communication with Mrs O and Mr O wasn't always timely and they had to follow up on numerous occasions. I'll set out what I think Ageas need to do to put things right when considering what would be fair and reasonable compensation.

On the second issue, the legal claim against Mrs O and Mr O, Mrs O and Mr O say Ageas should have acted much sooner in directing them to L. Had they done so, Mrs O and Mr O believe matters could have been dealt with more quickly (and with less stress and impact on the relationship with the neighbour). For their part (as acknowledged in their final response) Ageas accept Mrs O and Mr O highlighted the potential claim from the neighbour on several occasions and at no point did they (Ageas) advise that any such claim would need to be directed to L. Mrs O and Mr O sent copies of the legal claim to Ageas at the end of August 2021 – but it wasn't until towards the end of September Ageas told them to approach L.

Having considered both views, together with the supporting information and evidence, I agree Ageas should have told Mrs O and Mr O much sooner that they should have directed claim to L. Looking at the sequence of events, I think Ageas were aware from soon after the

fire that the neighbour was likely to make a legal claim. Both because they didn't have insurance, and because they told the neighbour (shortly after the fire) that Mrs O and Mr O would have to admit liability for the fire for them to pay for damage to their property. It also appears the neighbour told A's surveyor that they would be pursuing a legal case when the surveyor visited the property a few days after the fire. So, I think Ageas should have been aware of the likelihood of a legal claim even before the legal claim was served. It's not clear why it took a month after the claim was served (and arguably two months after the likelihood of a claim became apparent) for Ageas to direct Mrs O and Mr O to L.

While I think this caused unnecessary confusion and stress to Mrs O and Mr O, I don't think it would have changed the fact of a legal claim being lodged, given the neighbour didn't have insurance. Nor would it have led to a different outcome, in terms of the claim then being defended by the solicitors appointed by L. But, I've concluded the delay meant distress and inconvenience to Mrs O and Mr O could have been reduced (but not completely avoided).

Having reached these conclusions, I've thought about what a fair and reasonable outcome would be in the circumstances of the case. I've thought about what Mrs O and Mr O have told us about the impact that delays to the claim being assessed and the impact of the legal claim brought against him have had on them. As I've said, my role is to decide whether Ageas have acted fairly and reasonably towards Mrs O and Mr O. It isn't to hold them responsible for the actions of the neighbour or how the neighbour has acted towards Mrs O and Mr O. But given my conclusions, particularly that they should have directed Mrs O and Mr O to L much earlier than they did, I think Ageas should do more to put things right.

I've considered Ageas's award of compensation. In the circumstances, I don't think £200 is sufficient compensation, particularly given what I've said about the delay in pointing Mrs O and Mr O to L (to then defend the claim). I've thought about what would be fair and I've concluded that £400 would be reasonable.

My provisional decision

For the reasons set out above, it's my provisional decision to uphold Mrs O and Mr O's complaint. I intend to require Ageas Insurance Limited to:

- *Pay Mrs O and Mr O £400 in compensation for distress and inconvenience.*

Ageas Insurance Limited must pay the compensation within 28 days of the date on which we tell it Mrs O and Mr O accept my final decision. If they pay later than this, they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Mrs O and Mr O responded to say they accepted the provisional decision and they didn't have anything further to add to what they'd previously told us. They were pleased the provisional decision upheld their complaint and understood the situation had on them both.

Ageas noted the provisional decision to increase the compensation to £400 would be reasonable. Noting they had already paid £200 to Mrs O and Mr O, they accepted the provisional decision (to pay a further £200 in compensation).

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.

My role here is to decide whether Ageas have acted fairly towards Mrs O and Mr O.

As both Mrs O and Mr O and Ageas accepted my provisional decision that £400 would be fair and reasonable compensation, I haven't changed my view of this complaint. Given what Ageas have said about already paying £200 in compensation, then my final decision will reflect that payment.

My final decision

For the reasons set out above, it's my final decision to uphold Mrs O and Mr O's complaint. I require Ageas Insurance Limited to:

- Pay Mrs O and Mr O £200 in compensation for distress and inconvenience (in addition to the £200 they've already paid, making a total of £400).

Ageas Insurance Limited must pay the additional £200 compensation within 28 days of the date on which we tell it Mrs O and Mr O accept my final decision. If they pay later than this, they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O and Mr O to accept or reject my decision before 8 June 2022.

Paul King
Ombudsman