

## **The complaint**

Mr and Mrs G had buildings and contents insurance underwritten by Aviva Insurance Limited (Aviva). They complain about the amount Aviva paid them for alternative accommodation when their home was uninhabitable. References to Aviva include other organisations and individuals acting on its behalf.

## **What happened**

There was a water leak at Mr and Mrs G's home. The water supply had to be turned off while repairs were carried out, so Mr and Mrs G were unable to live there. Aviva spoke to them about arranging alternative accommodation. It was initially thought this would just be for a couple of weeks. Mr and Mrs G found a hotel nearby which would cost £128 per night. Aviva found a hotel further away which varied slightly in cost up to £90 a night. Aviva said it would also pay Mr and Mrs G £15 a night each for food.

Aviva said it would pay Mr and Mrs G £120 a night. Mr and Mrs G say they thought this meant Aviva would pay £120 a night for the hotel accommodation, plus the £30 a night for food. They were happy to pay the £8 difference a night themselves for their chosen hotel, as it was suitable for their needs. Mr and Mrs G say that due to Covid-19 they both had to work from home and needed to use their own secure Wi-Fi. Only one of them can drive so they needed a hotel within walking distance so they could use the toilet and other facilities during the day. Mr and Mrs G say because they were both working, it wouldn't always be possible or practicable for one of them to drive the other back to a hotel during the day. Mr and Mrs G say the hotel they chose was the nearest to their home and the hotel suggested by Aviva wasn't within walking distance.

After the first payment was made to them by Aviva, Mr and Mrs G realised they were only getting a total of £120 a night. They raised this with Aviva, who said it had agreed a maximum of £90 a night for accommodation as this is what the other hotel would have charged.

It turned out that the repairs to Mr and Mrs G's home took a lot longer than expected and they actually had to stay in the hotel for around two months. Aviva paid them £120 a night for this time.

Mr and Mrs G weren't happy with this, and complained to Aviva. Aviva said it had agreed £90 for accommodation plus £15 each per night for food and had suggested a hotel which was available at this price. Aviva said it had confirmed to Mr and Mrs G that they would have to meet any extra costs if they chose to stay elsewhere.

Mr and Mrs G weren't happy with this response and complained to this service. Our investigator upheld their complaint. She said Aviva could have done more to ensure the alternative accommodation offered was suitable. She said she didn't feel the hotel found by Mr and Mrs G was unreasonable. So she said Aviva should pay the full alternative accommodation costs plus interest.

Aviva didn't agree with the investigator's suggestion, so the complaint has been passed to

me. Mr and Mrs G want Aviva to pay the full £128 a night for their chosen hotel accommodation.

### **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 uphold Mr and Mrs G's complaint. I'll explain why.

On 3 May 2022 I issued a provisional decision. My provisional decision said:

*I intend to uphold Mr and Mrs G's complaint. I'll explain why.*

*Mr and Mrs G's insurance policy says:*

*"Loss of rent and the cost of alternative accommodation*

*If the home is damaged by any cause listed...and, as a result, it cannot be lived in, we will pay...any reasonable additional accommodation expenses...until the home is ready to be lived in.*

*When we refer to reasonable accommodation expenses...this means that we will pay for alternative accommodation for you...taking all the circumstances of your claim into account, including factors such as your own needs, the alternative (and comparable costs of) accommodation available in the area, and the length of time for which it is required."*

*I've seen an email from Mrs G to Aviva which says:*

*"This is the link to [the nearest hotel] rate is £128 per night for 2."*

*Aviva replied:*

*"I've spoken to the loss adjuster and he says there is [an alternative hotel] that's available and he will give that full allowance as discussed if you can have a look at booking that. Also if you book that online its actually cheaper so the insurance will cover that full £120 per night but as I said it may be cheaper for you. If you can let me know if this is suitable the money will be paid direct into your bank by him ?"*

*Mrs G replied:*

*"We'd be happy to pay the extra £8 per night ourselves if Aviva are happy to pay the £120."*

*Aviva didn't reply so Mrs G emailed again:*

*"Sorry to hassle did Aviva come back at all on my suggestion ?"*

*Aviva replied:*

*"I've been told by the loss adjuster that the payment will be in your bank tomorrow for the full duration."*

*All these emails were sent on the same day. Aviva says this was the first day alternative accommodation was discussed, following advice from the contractor that Mr and Mrs G's house would be uninhabitable.*

*Aviva says phone calls about this weren't recorded. So I can't say what else might or might not have been said.*

*I accept that Aviva thought it was agreeing a total of £120 a night for accommodation and food. However I think the email to Mrs G didn't set this out clearly, and I also accept that Mr and Mrs G thought they would be paid £120 a night for their hotel plus £30 for food.*

*I think that as soon as Mr and Mrs G told Aviva this it should have discussed things further with them. Aviva could then have understood Mr and Mrs G's reasons for their choice of hotel, and perhaps discussed other solutions with them if it didn't want to pay for their chosen hotel.*

*Aviva says its chosen hotel was a 20 minute walk further away than Mr and Mrs G's choice of hotel. I don't think it's reasonable to expect someone to walk this far every time they need to use the toilet or other facilities, especially during a working day. Neither would it be reasonable to expect one of them to stop work to drive the other back to the hotel. The policy says Aviva will pay reasonable accommodation expenses taking all the circumstances of the claim into account, including factors such as the customer's own needs. I don't think Aviva's chosen hotel fell within this definition.*

*So I don't think Aviva have acted fairly or reasonably.*

### **My provisional decision**

*I intend to require Aviva Insurance Limited to pay Mr and Mrs G £150 a night for the period of their claim, less any amount already paid to them, plus interest. This represents the £120 a night Mr and Mrs G say they thought they were being paid for their hotel plus the £30 a night agreed for food.*

### **Responses to my provisional decision**

Mr and Mrs G and Aviva responded to my provisional decision saying they had nothing further to add. Having thought about the circumstances once again I see no reason to change my provisional decision.

### **My final decision**

I require Aviva Insurance Limited to pay Mr and Mrs G £150 a night for the period of their claim, less any amount already paid to them. This represents the £120 a night Mr and Mrs G say they thought they were being paid for their hotel plus the £30 a night agreed for food.

This payment is to include interest at 8% a year simple from the date Mr and Mrs G paid for the hotel to the date of payment.

If Aviva Insurance Limited considers that it's required by HM Revenue & Customs to deduct income tax from the interest, it should tell Mr and Mrs G how much it's taken off. It should also give Mr and Mrs G a certificate showing this if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Mrs G to accept or reject my decision before 7 July 2022.

Sarah Baalham  
**Ombudsman**