

## **The complaint**

Ms M has complained that Ageas Insurance Limited hasn't paid a fair settlement when she made a claim under her home contents insurance policy.

## **What happened**

In February 2021 Ms M was living as a tenant in a property which was damaged by fire and she made a claim to her insurer, Ageas.

Ageas settled part of Ms M's claim. The parties didn't agree on a settlement for alternative accommodation (AA). Ageas paid what it said was correct and in line with the policy terms. Ms M said it wasn't correct as it didn't cover the costs she paid. So Ms M raised a complaint.

In February 2022 Ageas didn't uphold Ms M's complaint. It said it had asked for reasonable evidence of financial loss from Ms M but she didn't provide it. Ms M explained that she had an informal agreement with the landlord and so didn't have a tenancy agreement. Ageas said it therefore couldn't calculate the rent Ms M usually paid without proof – and it had paid a part settlement in error for AA costs without completing all of its checks.

Ageas said it would consider the claim if it received the required evidence. In March 2022 Ageas paid Ms M for AA costs she paid from 6 March 2021 to 24 April 2021. However, Ageas deducted the equivalent rent Ms M said she usually pays while in her home from the settlement. Ms M had told Ageas she wasn't required to pay rent while she wasn't living at the property.

Ms M asked us to look at her complaint. She said Ageas had given her conflicting information about what was covered under the claim. She wanted Ageas to cover the costs of her AA in full until the time she moved back in May 2021.

Our Investigator didn't think Ageas' request for some evidence of rental payments from Ms M was unreasonable. She thought it was fair in order for Ageas to be able to consider Ms M's financial loss – but Ms M had refused to provide such evidence. So without any proof of paying rent, the Investigator thought Ageas had correctly rejected Ms M's claim here.

Looking at the history of the claim, the Investigator thought overall Ageas had dealt with it in a reasonable timeframe.

Ms M didn't agree. She said she claimed for the cost she paid for AA while she could not live in her home. She said Ageas only considered the costs from 6 March 2021 to 24 April 2021 – but she was unable to move back into her home until all her contents were returned on 21 May 2021.

Ms M said she provided details of her rent to Ageas but is unable to provide proof of payment or a rent book. She says she has provided proof of paying a total of £4,956.33 for AA but Ageas has only paid £1,991.33 which isn't enough.

Our Investigator issued a follow up view in June 2022. She didn't recommend the complaint

should be upheld. She thought Ageas had acted within the terms of the policy. She explained that although some contents weren't returned to Ms M's home until May 2021, Ageas said the home was habitable from 24 April 2021. So the Investigator didn't find Ageas was responsible for AA costs from this date to when Ms M moved back in May 2021.

Ms M didn't agree. She feels it was unreasonable to expect her to have moved back into her home without basic items such as towels, bedding and pillows. She said she had very little clothing until they were returned in May 2021. As a lay person, Ms M says she interprets the policy wording to say that Ageas will pay for the costs of AA and will also cover the costs of any rent while unable to live in the home. So she doesn't think it fair that Ageas deducted the usual rental payment from the AA costs she paid and has provided receipts for.

Ms M wanted Ageas to cover the full costs of her AA until she moved back into her home in May 2021.

I issued a provisional decision on 19 July 2022. I thought Ageas' policy wording clearly said it would pay for both alternative accommodation and rent if Ms M had to pay rent. As Ms M hadn't paid rent while in AA, I didn't think it reasonable - or in line with the policy - for Ageas to deduct the rental equivalent from the claim settlement.

I found that although Ms M had asked for items to be returned to her in April 2021, essential items such as bedding and towels weren't returned to her until around a month later. I didn't think this therefore qualified as making her home habitable during this period.

So I intended to ask Ageas to meet the full costs Ms M paid for alternative accommodation which she has provided receipts of payment for until the date she moved back into her home with interest.

Ms M didn't reply to my provisional decision. Ageas didn't agree. I've addressed their comments in my findings below.

### **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.

Ms M's policy with Ageas says the following about AA:

*“Alternative accommodation*

*If you cannot live in your home because of damage insured under this section:*

- We will pay the reasonable cost of necessary alternative accommodation for you, your family and domestic pets until you can live in your home again and*
- If you are a tenant, We will also pay any rent that you have to pay while you are not living in your home.”*

I think the policy wording clearly says by having the word 'and' that Ageas will cover the costs of both alternative accommodation 'and' if a tenant, any rental payment while not living in the home.

I don't think Ageas should meet the costs of rent while Ms M wasn't in her home as she has explained that she didn't have to pay during this period. However, I'm unable to see why Ageas has deducted an amount equivalent to rent from the AA settlement. Ageas' policy says it will cover both as it says 'also' in relation to any rent payments.

Ms M isn't asking for payment of rent – only the costs of AA – and as she has provided proof

I think the policy clearly says it will meet these costs.

Ageas says that it deducted the equivalent amount of rent from the AA settlement as Ms M didn't pay rent while she wasn't in her property and would therefore be in a position of betterment. But I don't think that's fair and I think Ageas hasn't acted within the terms of its policy. Nowhere can I see Ageas explain that it will deduct the equivalent of a rental payment from any AA sum it pays.

In response to my provisional findings, Ageas didn't comment on its policy wording. It says it would only cover the rent if there had been a financial loss. It says insurance isn't in place for a customer to be put in a better position, but in the same position as it would otherwise have been in.

I've reviewed again the policy wording provided by Ageas. Put simply, Ageas says it will pay as follows:

AA = £1,000, rent = £700. If Ms M had to pay AA and rent, Ageas will pay £1,700.

As Ms M didn't have to pay rent, my view is that Ageas should therefore pay £1,000.

Ageas however deducted the £700 for rent Ms M didn't pay from the AA costs of £1,000 and paid Ms M £300.

The figures used are an example to simplify my understanding of Ageas' policy wording.

So I remain of the view that Ageas has acted unreasonably in deducting the cost of equivalent rent from the AA settlement it paid Ms M. This is not what the policy says it will do.

Ms M disagrees that her home was habitable before the remaining contents were returned to her on 21 May 2021.

I couldn't find a definition of 'uninhabitable' under Ageas' policy. So I've considered what Ms M has said about this and what I consider fair and reasonable.

On 9 September 2021 a contractor emailed Ageas to say Ms M asked for the return of her contents on 23 April 2021.

Ageas has confirmed that some items were returned to Ms M, but the remaining items which included bedding, towels, clothes and soft furnishings were returned to her on 21 May 2021. Ageas hasn't provided an explanation as to why the contents were returned this way to Ms M.

Given the circumstances of the incident, I think it's more likely than not that Ms M wasn't required to provide bedding at the AA. So I don't think it's fair or reasonable to expect somebody to return to live in a home without bedding for a period of a month. I think it's reasonable to expect to have bedding in order for a place to be habitable. So as things stand, I think a fair outcome is for Ageas to meet the full costs of the AA Ms M paid for until her contents were returned to her on 21 May 2021.

In response to my provisional findings, Ageas referred me to an email dated 10 September 2021. It says this shows Ms M requested the return of her items on this date. Ageas maintains that the remaining items not being available didn't make Ms M's home uninhabitable.

I don't see how this changes what Ageas told us before I issued my provisional decision: that Ms M asked for her contents to be returned to her on 23 April 2021 - but the key items mentioned weren't returned to her until a month later. So I haven't seen anything to persuade me to change my provisional findings.

I understand Ms M is unhappy with conflicting information she received from Ageas. Overall I think its handling of the claim – outside of its handling of the AA settlement - was fair.

Taking everything into account - my final decision remains along the same lines as my provisional decision. I've set out below what Ageas needs to do to put things right if Ms M accepts.

### **My final decision**

My final decision is that I uphold this complaint. I require Ageas Insurance Limited to meet the full costs Ms M paid for alternative accommodation which she has provided receipts of payment for until the date she moved back into her home in May 2021.

Ageas should pay interest on the sum at a rate of 8% simple interest a year from the date Ms M paid to the date it reimburses her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 15 September 2022.

Geraldine Newbold  
**Ombudsman**