

The complaint

Mr B complained that Aviva Insurance Limited ("Aviva") unfairly settled his claim for water damage under his home insurance policy.

What happened

In 2017 Mr B claimed for damage to his kitchen units following a water leak. Aviva appointed a loss adjuster to review the damage, but at the time it was thought Mr B had breached his policy conditions as the property had been left empty. Therefore, Aviva declined the claim.

In 2020, Mr B presented Aviva with new information in relation to the original claim. Aviva decided it should cover the claim. Time had passed and Mr B wasn't able to provide Aviva access to his property due to limitations on him because of the Covid pandemic. So, Aviva tried to complete a desktop evaluation of the claim. It used photos taken in the 2017 visit and information that was provided by Mr B, which included two quotes for a complete re-fit of the kitchen.

A significant amount of correspondence was made between the parties to try and reach an amicable settlement. However, after Aviva's final offer, a stalemate was reached as Mr B felt unable to accept what had been offered.

Our investigator decided not to uphold the complaint. He didn't see evidence that Aviva's settlement offer was unreasonable. As the repairs had yet to be arranged, our investigator thought the fairest way to proceed was to allow Aviva to re-visit and inspect the damage before providing a response on the claim.

My provisional decision

I issued a provisional decision on this on 15 September 2022. I said:

"My decision has only focused upon the complaint Mr B made to Aviva - his unhappiness at the settlement offer he was made. I can't look at what happened in 2017 as I don't have jurisdiction - this wasn't raised by Mr B when he complained to Aviva. So, if Mr B does have issue with what happened then, he would have to raise this separately with Aviva to allow it the opportunity to provide a final response on this matter.

I have looked at whether I think Aviva has been fair in the settlement offered to Mr B following the 2020 claim. I can see this has been a difficult claim journey, which has been caused primarily by the restrictions placed around the world to control the Covid-19 pandemic. Mr B was unable to provide Aviva access to his home, so to try and move the claim forward Aviva carried out a desktop validation of the claim. I think this was reasonable in the circumstances to try and reach and agree a settlement. Unfortunately, whilst both parties have invested a lot of time and sent a significant amount of information and correspondence, I can see it's not been possible to agree on a settlement that both parties think is fair. I can see many points of the settlement have been discussed at length and this led to the settlement value been increased, however, Aviva hasn't offered a value that has met Mr B's expectations.

I don't think there is much benefit analysing the points of difference – as I don't think all the information exists for me to comment on this. The evidence from the survey in 2017 is minimal as the loss adjuster had concluded the claim should've been declined due to an underwriting issue. Therefore, I think the validation of the damage was limited, as it was thought at the time it wasn't required. Information has been provided by Mr B since, but without Aviva been able to inspect the damage, I think it's difficult for them to increase its offer.

I understand repairs to the property are still to be arranged. Therefore, given the circumstances, I think the fairest way to proceed is for Aviva to re-visit the property - allowing Aviva the opportunity to re-inspect the damage with the mindset the claim is to be covered. This would allow Aviva to re-visit its offer and to consider Mr B's points having properly assessed the claim, as well as ensuring the settlement allows for the current cost of labour and materials.

I appreciate Aviva did ask to visit the property, but this wasn't possible at the time. However, as its final response stated its final position and offer, I'm required to write this as a provisional decision. So, I intend to uphold this complaint. I intend to require Aviva to re-visit the property and re-consider the claim in line with the terms and conditions, to ensure it has been properly validated and the settlement made is a fair one".

Responses to my provisional decision

Mr B didn't have anything further to add. He didn't specifically say whether he accepted my provisional decision.

Aviva said "I am unsure as to why the decision has been made in favour of Mr B when we have asked to visit the property a number of times either with the policy holder or his representative if he was unavailable. We have also left this option open for him to call our surveyor when he returned to the UK. I did not include the offer in my letter as I felt this was not acceptable to Mr B due to the number of times he had declined or not responded to this offer".

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 appreciate what Aviva has said and that it has made offers to visit the property previously. However, as I said in my provisional decision, Aviva's final response was an offer to Mr B – it didn't mention the option of re-visiting the property. Therefore, I felt I needed to reinforce this option as part of my decision, as well as setting out the settlement needs to allow for the current cost of labour and materials.

Given neither party has provided any new information, I see no reason to change my provisional decision.

My final decision

My final decision is that I uphold this complaint. I require Aviva Insurance Limited to re-visit the property and re-consider the claim in line with the terms and conditions, ensuring the settlement allows for the current cost of labour and materials.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 10 November 2022.

Pete Averill
Ombudsman