

The complaint

Ms M complains about the settlement offered to her from Ageas Insurance Limited (Ageas) following a claim under her home insurance policy.

What happened

Following a leak at Ms M's home, she contacted Ageas to make a claim. It sent a surveyor to assess the damage and validate the claim. Ageas asked Ms M to obtain quotes for the damage caused. Ms M obtained three quotes the lowest being £4,800 and submitted them to Ageas.

Ageas offered Ms M a settlement figure of £3,393.52, less a policy excess of £250. It said the settlement figure included an amount for trace and access. But, as her quotes were for all the replacement costs of the flooring, it would not pay for the undamaged flooring costs. Ageas relied upon the policy term that stated that it would only cover the cost of the damaged items and not those items that were undamaged.

Ms M was unhappy about this and complained, as she believed that Ageas ought to pay for the full cost of the flooring. Ageas maintained its position in its final response. So, as Ms M had been given her referral rights, she referred a complaint to our service.

One of our investigators considered the complaint and ultimately upheld it. She said that Ms M had explained that the damaged flooring that she had laid was now discontinued. For this reason, as there was now a loss of match, it was fair for Ageas to contribute to the undamaged flooring. That level of contribution would be 50% as Ms M hadn't quite been put back into the position she had been in, before the damage occurred. So, she recommended a compromise from both parties, to contribute to the loss.

Ms M accepted the view, Ageas did not. It said that Ms M had chosen a policy that didn't provide cover for matching sets. It explained that there were a few policies on the market that allowed for matching sets, with a higher premium. And as Ms M chose not to have the higher level of cover, it wasn't fair for an insurer to have to make a contribution towards the undamaged area of flooring. It also questioned, when our service's approach had changed, that made it fair for insurers to make a 50% contribution towards undamaged items. So, it asked for a decision from an ombudsman.

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.

Having done so, I will be upholding Ms M's complaint, for much the same reasons as our investigator. And I hope my findings go some way in explaining why I've reached this decision.

Ms M explained that the flooring that she had laid within the last few years, had been discontinued and she wouldn't be able to match the areas of the flooring that weren't damaged.

Ageas has relied upon the policy term that provided that cover would be excluded for undamaged items that form part of a set. In other words, it would cover the cost of replacing the damaged flooring but, the flooring that wasn't damaged, would not be covered.

Whilst I accept that this isn't an unusual term within policies, our services, approach is that a consumer who has suffered from a loss of match, should be compensated for the loss of match. We say this as one purpose for insurance policies is to place a consumer back into the pre-loss position. Where an item has become discontinued (like in this complaint) then a loss of match happens, which means that the consumer is unable to be put back into the pre-loss position.

I understand Ageas' comments that the loss of match isn't an insured peril, and that Ms M could have paid a higher premium in order to be covered for matching sets. But our approach aims to bring about a fair outcome for both parties. In other words, we wouldn't think it was fair that Ageas pay for the entire cost of the flooring (both the damaged and undamaged parts). And we recognise that Ms M didn't have matching sets cover. So, a fair outcome is for Ageas to make a contribution of 50% towards the cost of the undamaged flooring. With Ms M paying the other 50%.

Further, having reviewed the surveyor's photographs of the flooring, I note that it was laid in a continuous way and covered a few areas. Also, that Ms M said that there were no door bars that would delineate areas. Given the amount of flooring that would need to be replaced, and that the flooring has now been discontinued, I think that the compensation of 50% contribution (for the undamaged floor areas) is fair.

Putting things right

To put matters right, I direct Ageas as outlined below.

My final decision

For the reasons given, I uphold this complaint.

Ageas Insurance Limited to pay Ms M 50% towards the cost of replacing the undamaged flooring. The figure Ageas Insurance Limited must pay will only include VAT if Ms M is able to produce a receipt to show she did replace the undamaged flooring and incurred VAT in doing so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 24 April 2023.

Ayisha Savage
Ombudsman