

The complaint

Mr and Mrs T complain about Ageas Insurance Limited's handling their Buildings Insurance claim.

All references to Ageas also include its appointed agents.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving my reasons for my decision.

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 agree with the conclusions reached by the investigator for these reasons:

Building works

- Its natural Mr and Mrs T would have wanted matters to be concluded swiftly to minimise the financial impact on their business. But I've not seen anything that persuades me Ageas agreed for Mr and Mrs T to appoint their own contractors to complete works.
- Insurers benefit from pre agreed rates with its contractors. When it can offer to complete repairs on an accepted claim, but a customer chooses to use their own contractors, the insurer is entitled to provide settlement at what it cost them.
- Ageas provided a scope of works and I'm persuaded it could offer to carry out the work itself. And as I've set out above, I'm not persuaded Ageas agreed for Mr and Mrs T to use their own contractors. So, I don't think its acted unreasonably here by paying Mr and Mrs T the amount it did.

Disposed contents

- The disposed contents list details the items in question were not salvageable. I can also see from correspondence Ageas confirmed the items were beyond repair.
- There are no photos of the items prior to disposal, and I've not seen any other information that persuades me Ageas conclusion the items were beyond repair is obviously wrong.
- I also consider if the items had been salvageable, it would likely have been in Ageas' interest to repair rather than replace the items. So, I'm not persuaded it has made an error in disposing of the items.

Underinsurance

- It's not in dispute the contents sum provided by Mr and Mrs T didn't accurately reflect their value at the time when the claim was reviewed. Mr and Mrs T have said the

policy has been renewing each year with the original value provided when first insuring the property.

- The relevant law in this case is The Insurance Act 2015. This says the insured (Mr and Mrs T) must make a fair presentation of risk to the insurer – meaning they must disclose all material information which they know, or reasonably ought to know of.
- The Insurance Act 2015 sets out remedies available to an Insurer for cases of underinsurance. This includes ‘contracting out’ – which Ageas have done here by proportionally settling the claim. Ageas have pointed to a term in the policy which says it may proportionally settle a claim based on the sum insured amount in circumstances such as these.
- However, based on what I’ve seen, I don’t think this was a reasonable approach to take. Ageas is required to highlight a disadvantageous term, and while it has provided a renewal document and policy booklet containing information about underinsurance, the term isn’t prominent or brought to the readers attention. In both cases the documents are large, and the underinsurance information is not presented until halfway through the document. So, I’m not persuaded Ageas have fulfilled the transparency requirements set out in the act by sufficiently highlighting the policy term.
- Our service has asked Ageas to provide information on what premiums it would’ve charged for the contents, had the correct sum been declared at renewal. We also asked Ageas to detail why a further £10,134 was deducted from the settlement it offered to Mr and Mrs T. But it hasn’t provided this information.
- Under the Insurance Act 2015, if Ageas would have charged an additional premium to insure the correct contents sum, it would be entitled to proportionately settle the claim based on the amount it would have charged compared to what Mr and Mrs T paid.
- Regarding the deduction of £10,134. Whilst the Investigator has asked Ageas for information about this, it’s not been raised as a specific complaint point. Once Ageas has recalculated the settlement, in line with what I’ve set out below, if Mr and Mrs T wish to do so, they will be entitled to raise a new complaint. And may bring it to our service if they remain unhappy with Ageas’ response.

So, for these reasons, I uphold this complaint.

Putting things right

Based on what I’ve seen and set out above, I don’t think Ageas has calculated the settlement it has offered to Mr and Mrs T fairly.

Ageas should recalculate the settlement for the contents in line with the relevant law, The Insurance Act 2015. If these calculations come to a higher amount than already paid to Mr and Mrs T, Ageas will need to pay the difference.

It should also add 8% simple interest, from the date of the original settlement to the date it makes payment to Mr and Mrs T.

In the event the calculations come to less than the settlement paid already to Mr and Mrs T, Ageas will not be required to take further action.

My final decision

My final decision is that I uphold Mr and Mrs T’s complaint.

To put things right, I direct Ageas Insurance Limited to do as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T and Mrs T to accept or reject my decision before 14 March 2023.

Michael Baronti
Ombudsman