

The complaint

Mr H complains about his insurer, Ageas Insurance Limited (Ageas) under his home insurance policy. Mr H's complaint is about how Ageas handled a claim for water damage to his property and contents.

Any reference to Ageas in this decision includes their agents.

This decision covers the issues raised in Mr H's complaint to this service in May 2002. It doesn't cover subsequent issues, including any settlement of the claim (either for the buildings or the contents elements). Nor does it cover whether Mr H's property was underinsured (or the extent of any underinsurance) which would also potentially affect any settlement of the claim. This issue was ongoing when Mr H complained to this service.

What happened

In February 2022 water entered the ground floor of Mr H's property, causing damage to a bedroom, ensuite bathroom and gym room. Mr H thought the water came from beneath the floor as it appeared to be coming up through it. Mr H contacted Ageas to tell them about the damage and lodge a claim. Ageas appointed a loss adjuster (S) to assess the damage and handle the claim. A separate firm (P) were appointed to carry out drying of the property.

As part of their assessment of the claim, from an initial survey, S told Ageas they thought there was an underinsurance issue with the property. That is, the buildings sum insured was less than it should have been to reflect the value of the property. S thought the sum insured was only 52% of what they thought the sum insured should have been. Ageas asked S to carry out a full survey of the property to confirm the extent of any underinsurance. The claim was put on hold while the underinsurance issue was investigated.

However, Mr H was concerned at the prospect of being underinsured (which might mean any claim be reduced proportionately to the degree of underinsurance). He was also unhappy that not all the contents damaged in the incident were included in the claim. But S said he wouldn't allow them assess the contents or attend for the stripping out and drying of the property. They also said Mr H left the contents outside the property, making it difficult to assess the damage caused by the incident (as opposed to any subsequent damage from being left outside).

Unhappy at what had happened, the handling of the contents claim and the underinsurance issue (and the time being taken to assess the claim) Mr H complained to Ageas.

In their final response Ageas rejected the complaint. They said further visits (to assess the claim and the possible underinsurance) were necessary. Mr H's refusal to allow them prevented the claim from being progressed. Any potential underinsurance needed further assessment, as it could impact significantly on settlement of the claim.. The damaged contents needed to be assessed, which was made harder by Mr H putting them outside.

Mr H then complained to this service. He was unhappy at the actions of S, their visits to his property and delays in dealing with his claim. He said his property had been badly damaged

and Ageas had wrongly said he'd been uncooperative. On the underinsurance issue, he said he wasn't aware of a change [to the buildings sum insured] or the requirement to change it (as necessary). He was also unhappy at what he said he'd been told about washing his children's damaged clothes that had been affected by dirty water following the flood.

Our investigator upheld the complaint in part, concluding Ageas hadn't acted fairly. She thought the site visits were warranted, given the nature of the claim and the underinsurance issue. On the issue of Mr H's children's clothes, she didn't think there was evidence to support Mr H's view he was asked to wash them. She thought S's approach to the contents element of the claim was reasonable – being left outside made it harder to validate the damage [from the incident]. Since Mr H made his complaint to this service, a settlement had been offered to Mr H and S were awaiting a list of losses from him. If Mr H was unhappy at the settlement offered, it would need to be the subject of a separate complaint (to Ageas in the first instance).

The investigator thought the main cause of the delays in Ageas assessing the claim were due to the investigation of the underinsurance issue. There were also delays from Mr H not responding to some correspondence from Ageas. But there was an element of delay from Ageas assessing Mr H's response when he provided it, so she upheld this element of complaint. She thought it was ultimately Mr H's responsibility to ensure that the buildings sum insured was appropriate. And there was no evidence the figure was provided by Ageas.

In recognition of the delays due to Ageas, the investigator thought they should pay £150 in compensation

Mr H disagreed with the investigator's view and asked that an ombudsman review the complaint. He didn't think the proposed level of compensation for the delays he'd experienced in Ageas's handling of the claim was sufficient.

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.

My role here is to decide whether Ageas has acted fairly towards Mr H.

There are several elements to Mr H's complaint, which I've considered in turn. First, delays in assessing and handling the claim, together with the actions of S in visits to the property. Second, he wasn't aware of a change to the buildings sum insured or the requirement to change it. Thirdly the specific issue about Mr H saying he was told to wash his children's clothes when they had been affected by dirty flood water.

On the first issue, I've considered the timeline of events and the actions of Ageas and S following Mr H's notification of the incident and lodging his claim in February 2022. Following S's appointment, an initial visit was carried out in March 2022, about three weeks following Mr H notifying Ageas of the incident. S's report is dated the following week and includes the potential underinsurance issue, recommending a further surveyor visit to assess the extent of any underinsurance more accurately. Given this issue, and the potential impact on the value of any settlement of the claim, I don't think it was unreasonable to put the claim on hold pending further evaluation. I've also seen subsequent communication from Ageas saying Mr H could appoint his own surveyor if he wished (as he didn't want S to carry it out, his view being they wouldn't be independent). Ageas agreed Mr H could appoint his own surveyor, which I think was reasonable – although it took over a month to get to this point from the initial report from S indicating the need for a further, full survey. I've considered this aspect

when thinking about the overall handling of the claim, including the delays Mr H has referred to in his complaint.

Ageas case notes indicate Mr H wouldn't allow them to attend to assess the damaged contents, nor for their contractors to strip out and dry the property (as Mr H thought the latter would take too long and so wanted to carry it out himself – which Ageas agreed to but advised they would require a drying certificate on completion). But given what I've concluded about it being reasonable for the claim to have been put on hold pending further investigation of the underinsurance issue, I don't think Ageas's handling of this part of the claim was unreasonable.

On the second issue, the potential underinsurance, I've considered the available evidence and information. The potential issue was first identified in S's initial survey (in March 2022) which concluded Mr H's property could have been insured only to 52% of what they thought should have been the buildings sum insured. The report includes an estimated rebuild cost based on the size of the property and rebuild rates (adjusted for the age of the property and its stone construction. The report indicates a more accurate figure would need a further visit and assessment.

I've thought about this carefully. It's standard practice for assessment of a claim to include consideration of whether the sum insured (in this case for the buildings element of Mr H's property) is accurate and appropriate. Because this sum is one of the elements that determine the premium payable under a policy, if the sum insured is less than it should be (being based on the estimated cost of rebuilding the property in the event of a total loss) then a policyholder will have paid a lower premium than should have been the case.

In those circumstances, it's again standard practice (and set out as such in policy documentation) for insurers to reserve the right to decline claims or reduce them proportionately by reference to the proportion of the premium that would have been payable had the sum insured been accurate, compared to the actual premium paid. That being the case, I think it was reasonable for Ageas to seek a full survey to confirm (or otherwise) whether there was underinsurance of the property, and if so, the extent of that underinsurance. As this would have a direct bearing on the amount of settlement of the claim, I think it reasonable for Ageas to put the claim, on hold pending this further, full survey.

I've also noted Ageas were willing for Mr H to use an independent surveyor for the follow up visit to assess the value of the property, as part of considering the underinsurance issue.

I've also considered Mr H's point that he wasn't aware of a change [to the buildings sum insured] or the requirement to change it (as necessary]. However, I don't agree. Looking at the policy document, there's a prominent reference towards the start of the document that (under a heading "*Some of the main reasons we don't pay claims are:*") states:

"The maximum claim limits shown in the Policy summary were not enough to replace their property and belongings as new).

There's also a section headed "*Claim limits on your policy*" that includes the following statement:

"it's really important that you've got the right amount of cover in place for your needs. If you've not taken out enough cover to replace your property and

possessions as new, this may have an effect on how much we pay for a claim.”

There's a further reference to the importance [by a policyholder] to tell Ageas about any changes to the property – which would include the buildings sum insured. There's also a direct reference (under the “*Keeping up with inflation*” heading) to:

“...it's still your responsibility to make sure the cover limits are enough to replace your property and possessions as new.”

Taken together, I think this makes it clear that it's the responsibility of the policyholder (Mr H) to ensure the sums insured for buildings (and contents) are accurate and provide the right level of cover.

Overall, I think Ageas acted reasonably in their handling of the underinsurance issue, and to put the claim on hold pending a further, full survey to more accurately determine whether there was underinsurance, and if so the extent of that underinsurance. I've also concluded Mr H should have been aware of his responsibility to provide an accurate figure for the rebuilding cost of his property (and therefore an appropriate figure for the buildings sum insured).

On the specific issue of Mr H saying he was told to wash his children's clothes (that were affected by dirty flood water), I've not seen anything in the evidence and information provided by Ageas (including that relevant to S) to support this happening. So, it's not something I'm able to conclude on.

Taking all these points into account, including the delays in progressing the second, full survey of the property to determine the extent of any underinsurance, I think Mr H did suffer some distress and inconvenience. Taking all the circumstances of the case into account, I think £150 is fair and reasonable compensation for the distress and inconvenience caused to Mr H.

Your text here

My final decision

For the reasons set out above, my final decision is that I partially uphold Mr H's complaint. I require Ageas Insurance Limited to:

- Pay Mr H £150 compensation for distress and inconvenience.

Ageas Insurance Limited must pay the compensation within 28 days of the date on which we tell them Mr H accepts my final decision. If they pay later than this they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 30 March 2023.

Paul King
Ombudsman