

The complaint

Miss M complained about how Ageas Insurance Limited trading as Ageas ('Ageas') settled a claim under a contents insurance policy.

What happened

Miss M contacted Ageas to make a claim for fire damage to her home contents. Ageas accepted the claim. It arranged for Miss M's contents to be removed from her home and offered a cash settlement for the contents. Miss M complained about delays with her claim and that Ageas had deducted its contractor costs from the claim settlement, which had resulted in a much lower settlement for her contents.

When Ageas replied, it said it would only pay up to the £15,000 claim limit. It said any payments to its suppliers needed to be deducted from the claim limit. It had investigated the supplier costs and accepted there was a slight error, which had been corrected. It had offered £8,834.77 to settle the claim, which was what was due.

So, Miss M complained to this service. Our investigator upheld the complaint. She said it was unfair for Ageas to make Miss M liable for its contractor costs. There was also evidence of months of delays with progressing the claim. She said Ageas should pay Miss M £15,000 as the claim settlement and £300 compensation.

As Ageas didn't agree, the complaint was referred to me.

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 uphold this complaint. I will explain why.

When Miss M first made her claim, Ageas looked at whether she was underinsured. It decided that it was willing to pay up to the claim limit, which was £15,000. When it offered settlement, it then deducted its contractor costs from the £15,000 limit. This included costs such as to prepare a list of items beyond economic repair, asbestos testing and for skips to put the contents in. It isn't fair for Ageas to deduct these costs. They are business costs and Miss M isn't responsible for covering those, which she is in effect doing by Ageas deducting the costs from the settlement amount. It is for Ageas to pay those costs. I'm aware Ageas has said it can provide the invoices for the contractor costs but, in my view, I don't need to see these to make a fair and reasonable decision, as they shouldn't have been deducted.

I also note Miss M said some of the contractor costs weren't justified. For example, she said there was no asbestos at her property, and any checks would be part of the separate buildings claim anyway, and no skips had been used. So, from what I can see, Ageas also attempted to deduct costs from the settlement despite Miss M explaining her concerns about some of those charges and explaining why they weren't justified. Any disputes over the

contractor charges are for Ageas to deal with internally with its contractors. But, I think this added to Miss M's sense of unfairness about how her claim was settled.

I've looked at the claim records and the cost to replace Miss M's contents, excluding the contractor costs. I'm satisfied that it is reasonable for Ageas to pay Miss M £15,000 to settle the claim, which is the maximum amount it agreed to pay for a contents claim.

I've also thought about compensation. Ageas said there was a delay with the claim because the broker had taken a while to reply to its queries about the underinsurance, which it said was outside its control. However, from what I've seen, there were further claim delays, including Miss M having to keep chasing Ageas to get her contents cleared. This also seemed to impact her buildings claim progressing. I've also already referred to Miss M's concerns about the contractor costs and the impact on her. So, having thought about this, I think Ageas should pay Miss M £300 compensation because of these issues.

Putting things right

Ageas should pay Miss M £15,000 to settle the claim and £300 compensation.

My final decision

For the reasons I have given, it is my final decision that this complaint is upheld. I require Ageas Insurance Limited trading as Ageas to:

- Pay Miss M £15,000 to settle the claim.
- Pay Miss M £300 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 14 April 2023.

Louise O'Sullivan
Ombudsman