DRN-4048932

Financial Ombudsman Service

The complaint

Mr R isn't happy with the cash settlement offered by Ageas Insurance Limited following a claim under his home insurance policy.

What happened

On 3 November 2022 Mr R made a claim on his buildings insurance following a blocked drain. He said he wasn't offered any advice or assistance from Ageas when he reported the claim. On 7 November 2022 Mr R appointed a contractor to carry out repairs as he'd heard nothing from Ageas and was worried that the sewage was coming into his house. He paid the contractor £2,340.

Ageas then called Mr R on 9 November 2022 to discuss his claim. Mr R said the repairs had already been carried out and provided Ageas with details of the work that had been done and his contractor's invoice. Ageas accepted the claim under the terms of the policy but said it thought the contractor's rates were excessive. It offered a cash settlement of £1,479.29 less the £150 policy excess. This sum was calculated using its own contractor's rates.

Mr R complained to Ageas and said it should pay the full cost of the repairs. Ageas said that Mr R's invoice was excessive and that it could have carried out the work for considerably less. It referred to the terms and conditions of the policy and said it wouldn't pay more than it would have cost it to carry out the work itself. Mr R wasn't happy with this and brought his complaint to this service.

Our investigator didn't think Ageas had treated Mr R fairly and that it should reimburse Mr R in full for the cost of the repairs. She said that Mr R had been offered no support when he first reported the claim and there were delays getting back to him which led to him arranging the repairs himself. Ageas didn't agree. It referred again to its policy and said that it would pay no more than what it would have paid its own contractor. The complaint has therefore been referred to me for a 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.

Ageas has accepted the claim under the terms of its policy and so what I'm looking at is whether the amount of the cash settlement offered by Ageas is fair.

I've looked at the terms and condition of Mr R's policy. Ageas rely on the general conditions at page 51 where it says "*We will not pay more than the cost to us (after any discount available from our approved suppliers) of repairing or rebuilding the buildings*". I accept that this means that Ageas wouldn't usually pay more for repairs than what its own contractor would have charged. However, I don't think this approach is fair in the circumstances of this case – and I'll explain why.

The blocked drain was first reported to Ageas on 3 November 2022. Mr R says he wasn't

offered any support or assistance during this call and wasn't given any recommendations for contractors to carry out the repairs. Ageas was asked to provide us with a copy of the call recording so that we could confirm what was said but this hasn't been forthcoming. I therefore see no reason to doubt Mr R's account of this conversation.

Mr R was worried about sewage entering his home - or that further damage might be caused. As he'd heard nothing further from Ageas by 7 November 2022, he arranged the repairs himself.

When Ageas contacted Mr R on 9 November 2022, he'd already had the work done. In the "*How to Make a Claim*" section of the policy it says that if repairs are needed Ageas will try to arrange for one of its approved contractors to contact the policyholder within two days. This didn't happen, and Mr R wasn't contacted for a week. So, I don't think it was unreasonable for Mr R to go ahead and arrange the repairs himself.

Mr R provided Ageas with a copy of his invoice and details of the repairs that were carried out. Ageas said that it thought the repairs were appropriate but that the rates charged by the contractor were excessive. I note that Mr R negotiated a discounted fixed price with his contractor, so that the cost was actually reduced from over £2,700 to £2,340. I've seen the schedule of costs that Ageas's contractor would have charged and can see that it was less than the discounted fee charged by Mr R's contractor. However, I think that Mr R was left with little option but to carry out the repairs himself as he'd received no assistance from Ageas and he'd heard nothing since his initial call.

As a result of the initial poor handling of this claim, Mr R has been left out of pocket. I therefore think it fair for Ageas to reimburse Mr R with the full costs of the repair which is £2,340 including VAT. If there is an excess to pay, this should be deducted from this sum. I also think that Ageas should pay interest at 8% from the date that Mr R made payment to his contractor to the date that Ageas refund the money to him. I say this because Mr R has been without the use of the money during this time. I think this is fair.

My final decision

My final decision is that I uphold this complaint and require Ageas Insurance Limited to:

- pay Mr R £2,340 less any excess payable under the policy; and
- pay interest at 8% on the above sum from the date that Mr R paid his contractor to the date that Ageas pay the money to Mr R.

If Ageas Insurance Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr R how much it's taken off. It should also give Mr R a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

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

Elizabeth Middleton
Ombudsman