

The complaint

Mr and Mrs R complain about the settlement offered by Ageas Insurance Limited after they made a claim under their buildings insurance policy.

Any reference to Ageas includes the actions of its agents.

What happened

Mr and Mrs R hold buildings insurance cover with Ageas. They made a claim after experiencing a water leak from an underground pipe. Ageas' loss adjuster asked them to contact a leak detection specialist and obtain a report. Mr and Mrs R did so and paid £540 for this. They sent the report dated 9 January to the loss adjuster.

The loss adjuster said the report didn't confirm the cause of the leak, and so they couldn't confirm cover. They told Mr and Mrs R they needed the leak to be exposed, in order to establish the cause of the leak.

Mr and Mrs R therefore arranged for another company to expose the leak. On 21 January that company dug up the driveway in the location identified by the leak detection specialist, they found the leak and carried out a small repair to stop it. Mr and Mrs R paid £2,460 for this (whilst the invoice included the cost of backfilling the hole, this hadn't been done at this point). They sent the invoice to the loss adjuster on 25 January, together with video evidence of the leak and repair so that the claim could be validated.

The loss adjuster sent the information to another company (that I'll call P) to validate and settle the claim, and advised Mr and Mrs R of this on 3 February.

On 8 April, P completed its validation of the claim, and accepted the claim was covered. However, it said the investigations and repairs could have been completed for £1,289.18. Ageas therefore offered this amount to Mr and Mrs R (less the £100 excess). Mr and Mrs R weren't happy with this offer, as they'd paid £3,000 in total. They therefore brought a complaint to the Financial Ombudsman Service.

Our investigator recommended the complaint be upheld. He said that as Ageas hadn't offered to carry out the initial inspection, then it should reimburse Mr and Mrs R for this. He thought it had been reasonable for Mr and Mrs R to agree to the repair once the leak had been exposed, and again thought Ageas should reimburse Mr and Mrs R for this. However, he thought the backfilling of the hole hadn't been urgent, and so concluded that Ageas could use its own costs for this settlement, once Mr and Mrs R had obtained a breakdown of the invoice. Finally, the investigator recommended that Ageas pay Mr and Mrs R £200 compensation for the length of time it had taken to accept the claim.

Ageas agreed with some of our investigator's recommendations, but didn't agree to pay for the repairs, as it said it hadn't authorised these. The matter has therefore been passed 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.

The policy says if Ageas suggests a repair, it may offer to use one of its own partners. However, if a policyholder wishes to use someone else, they're free to do so, but if this is more expensive than the rate Ageas can get from one of its own partners, it won't pay the extra cost. I don't see anything wrong with this, so long as the insurer offers to arrange investigations and /or repairs.

Ageas told Mr and Mrs R to find a leak detection specialist and didn't offer to investigate this itself, so I agree with our investigator that Ageas should cover the £540 cost that Mr and Mrs R incurred for this. I note Ageas has agreed to this.

When the leak detection report didn't identify the cause of damage, Mr and Mrs R were told the leak needed to be exposed. Mr and Mrs R arranged for a company to do this, and the leak was also repaired. Whilst Ageas may have wanted the leak exposed and then the matter referred back to it so it could validate the claim and appoint its own contractor to do the repair, I don't think that would have been appropriate here. Ageas says this would have taken around two weeks if there were no delays. I don't think it's reasonable to expose a leak on a mains supply and then not repair it for two weeks. So I agree with our investigator that Ageas should cover the cost of this, on a fair and reasonable basis.

The backfilling of the hole didn't take place at the same time as the pipe repair, and Mr and Mrs R arranged for the contractor to return at a later date to do this work. I can appreciate why our investigator said this wasn't urgent. Nonetheless, I don't think it would be reasonable to have expected Mr and Mrs R to wait until the claim was validated in April before this work was done. Having a large hole in their driveway would have been both inconvenient and potentially dangerous.

Also, if Mr and Mrs R hadn't had the hole backfilled, I think it's unlikely that Ageas would have offered to arrange for its own contractor to do this after the claim had been accepted. Ageas has told me that its stance when settling claims is for its supplier to do a repair before it will consider cash settling. However, this wasn't an actual repair, and was simply backfilling a hole that had been exposed by Mr and Mrs R's contractor, as requested by Ageas.

In these circumstances, I think it's likely Ageas would have chosen to cash settle, and so it would be reasonable for Ageas to pay the amount it cost Mr and Mrs R to have this work done. This work was included in the £2,460 invoice that Mr and Mrs R paid, so I require Ageas to cover the full cost of this. That means Ageas should reimburse Mr and Mrs R £3,000 in total, plus interest to recognise that Mr and Mrs R have been without use of that money since paying the invoices.

Finally, I agree with our investigator that Ageas took too long to validate the claim. I think the £200 compensation recommended seems appropriate given the worry to Mr and Mrs R over whether their claim would be accepted.

My final decision

My final decision is that I uphold this complaint. I require Ageas Insurance Limited to do the following:

- pay £3,000 total settlement (less £1,189.18 if this has already been paid). It can also deduct the excess. Interest should be added at the rate of 8% simple per annum from the date the invoices were paid to the date of settlement*
- pay £200 compensation**

*If Ageas considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr and Mrs R how much it's taken off. It should also give Mr and Mrs R a certificate showing this if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

**Ageas must pay the compensation within 28 days of the date on which we tell it Mr and Mrs R accept my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs R to accept or reject my decision before 4 March 2024.

Chantelle Hurn-Ryan
Ombudsman