

The complaint

Mr P complains about how Ageas Insurance Limited has dealt with a claim he made for damage to his property under a buildings insurance policy

What happened

Mr P owns a rental property. The tenants reported that during a period of wet weather they heard a bang one day and then, a few days later, part of the living room ceiling collapsed.

Mr P made a claim to Allianz to cover the cost of repairs. Allianz was unable to send a contractor to attend the property to assess the damage and therefore asked Mr P to arrange for a repair quote to be provided as this would be quicker. Once that was received however, Allianz decided it still required a contractor to attend the property and assess the damage. The contractor had to attend twice as on the first visit they didn't complete an external inspection. And, when they did so on the second occasion, this was done remotely, and the roof was not physically inspected.

Allianz agreed to cover the cost of repairing the internal damage to the property under the accidental damage section of the policy. However, it said it wouldn't cover any repairs to the roof as there were no Storm conditions present around the time of the event.

Mr P's tenants subsequently moved out due to the damage caused to the property.

Allianz and Mr P couldn't reach an agreement on what roof repairs were needed prior to Allianz fixing the internal damage. Mr P was of the opinion some areas highlighted by Allianz didn't need repairs to be undertaken and he said they were unrelated to the area of the roof where the ingress of water took place. In that particular area Mr P said the tiles had simply lifted and gone back in place, so they just needed checking and re-securing which he completed.

Because of the disagreement, no repairs were undertaken at the property.

Mr P complained about the progress of the claim, he felt Allianz had wasted his time by asking him to send a quote for repairs, only to then send a contractor out in any event. He also complained Allianz wasn't covering the external repairs and it was being unreasonable in insisting all repairs to the roof be fixed before it would undertake internal repairs. He said he'd provided Allianz with evidence as to why it's assessment of the required repairs was incorrect, but it wouldn't change its position. Mr P also complained that he was losing rental income on the property due to Allianz's delays.

Allianz considered the complaint but let Mr P know it didn't think it had done anything wrong. It explained that due to a storm in the days after Mr P claimed, its contractors were busy, and it wouldn't have been able to send someone out. So, to try and move things forward more quickly, it asked Mr P to arrange his own quote. However, it was still entitled to validate the costs by sending a contractor out to the property afterwards.

Allianz maintained that the cost of the roof repairs wouldn't be covered by the policy and that

those repairs would need to be undertaken. Allianz addressed the loss of rent claim in a separate letter to Mr P saying that as the tenants moved out of their own accord, no cover is provided under the policy.

Mr P disagreed and brought his complaint to this service.

Our investigator looked at the complaint and said that she didn't think Ageas had handled the claim in a timely manner. On the matter of roof repairs, she agreed they wouldn't be covered by the policy but, she didn't think it was reasonable for Ageas to insist unrelated damage be fixed before undertaking internal repairs. She thought Ageas should pay £500 compensation to reflect the impact its delays had on Mr P. She also said it should arrange for the internal repairs to be undertaken quickly and reconsider the damage caused to the carpets in light of the delay and their current condition.

The investigator didn't think a payment should be made for loss of rent as this wasn't covered by the policy. She also thought Mr P could have taken some action to mitigate his losses in this respect.

Mr P disagreed and asked for an ombudsman to review the complaint. While the case has been waiting, Mr P and Allianz have now reached an agreement on repairs. Mr P has asked therefore I focus my consideration on the amount of compensation he should receive and his loss of rent claim.

My provisional findings

I issued my provisional findings on 2 June 2023 in which I said I intended to uphold the complaint for the following reasons:

"For completeness I will confirm that I don't think Ageas have acted unreasonably in not covering the cost of repairs to the roof. Having looked at weather records prior to the damage happening they do not show there were storm conditions. As such there is no cover for repairing the damage to the roof.

Having looked through everything available to me, I can see there was a disagreement between the parties about the extent of external repairs required to the roof. And due to this, neither party undertook repairs to the property. Ideally, I would have expected temporary repairs to have been undertaken to allow the property to be re let. Albeit this may have been at a reduced rate, in order to mitigate associated financial losses.

Ageas has admitted the matter of temporary repairs was not raised with Mr P and that they should have been. Similarly, Mr P has acknowledged, in hindsight, he could have undertaken these repairs but was waiting for Ageas to indicate he could. The dispute between the parties about the external works appears to have superseded any discussions about internal works. As a consequence, these repairs didn't take place and the property remained untenanted.

Looking at the policy there is no cover available for loss of rent as the tenants moved out of their own accord. Ageas has acknowledged it could have arranged alternative accommodation had Mr P contacted it, but he did not do so.

However, outside of the policy. I do think Ageas is at least partly responsible for the fact the property remained untenanted for so long. It could have entered into constructive discussion with Mr P about necessary and related repairs to the roof and, it could have arranged for temporary repairs to the property to be undertaken. Which, I think would have resulted in the property being able to be tenanted, even if that was at a reduced rate.

I also think however that Mr P could have been more proactive in mitigating his losses. Temporary repairs to the internal property could have been undertaken when it was clear the dispute with Ageas would take some time.

It would always have taken some time to undertake the repairs, however I think it is reasonable to say these should have been completed by mid-May at the latest. Assessments weren't completed on the roof until mid-April, so this allows a month for a cash settlement to have been arranged or a timeframe for actual repairs.

To put things right, I think Ageas and Mr P should equally share the responsibility of the loss of rent from that point on until the repairs are complete, or until the date a cash settlement is provided. Mr P should provide evidence to Ageas of the monthly rental amount he was obtaining for the property in order for this sum to be worked out.

I think the £500 compensation the investigator awarded for delays and inconvenience is fair and reasonable and in the region of what I would have done. So, I think Ageas should also make this payment to Mr P".

Responses to my provisional findings

Ageas did not respond to my provisional findings.

Mr P responded saying he disagreed with my assessment that Ageas should contribute to only half of the loss of rental income he suffered. He said that due to financial pressures he couldn't afford to fix the ceiling and Ageas did not respond to any of his attempts to mediate the matter to a conclusion. It would have been a financial risk to himself to go ahead with the repairs without any guarantee of recouping the money. He also reiterated the lengths he went to in order to try and move matters forward.

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.

I've considered carefully what Mr P has said, however I'm not minded to change my outcome.

Mr P may have misunderstood my comments around completing repairs to the property. I didn't intend to suggest that Mr P should have undertaken a full repair to the property in the absence of any response from Ageas. As I understand this would have been very costly.

Rather I think, more likely than not, there were actions he could have taken to bring the property back into a habitable position by way of a temporary repair. Therefore, allowing the property to be re-tenanted in the meantime – albeit at a reduced rate to reflect its condition. By not completing any work at the property he did not mitigate the loss he was incurring. Mr P would be considered a commercial customer and as such it would be reasonable to expect him to take action to mitigate any loss.

I understand how much inconvenience Mr P was put to communicating with Ageas and this is why I have made a compensation award.

Having reconsidered everything, I uphold this complaint for the reasons set out above and those in my provisional findings.

Putting things right

Upon receipt of evidence of the monthly rental amount, Ageas should pay an amount to Mr P equivalent to half that which would have been collected from mid-May 2022 to the date repairs are completed or until the date a cash settlement is provided.

Pay Mr P £500 compensation

My final decision

My final decision is that I uphold Mr P's complaint against Ageas Insurance Limited. I direct it to put things right as I have set out in the section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 25 July 2023.

Alison Gore
Ombudsman