

The complaint

Dr S and Mr S complain about how Aviva Insurance Limited ("Aviva") dealt with a claim they made on their home insurance policy following a flood.

Any reference to Aviva includes its agents.

While the policy is in both names, for ease, I have referred to Mr S throughout the decision since he's the one who brought the complaint to this service.

What happened

Dr S and Mr S had a home insurance policy with Aviva that covered their buildings.

In February 2021 there was a flood from a burst pipe in the loft of their house. Mr S says he was told to move out so the necessary drying work and repairs could be carried out, and it would be ready to be decorated in June.

Mr S says the repairs to the damage caused by the leak took an excessive amount of time to complete, which meant 12 promised completion dates were missed and the sale of the property had to be delayed. They were told to move out by June 2021 so the work could be completed by September 2021 and if this wasn't possible, there was no guarantee the work would be completed on time.

Mr S was provided with a number of completion dates from September 2021 to August 2022 but they were all missed. In August 2022 they were asked to attend a sign off and hand back meeting but the work wasn't finished.

Mr S says the quality of the work was disappointing given the work was meant to return the property to market readiness, as it had been prior to the damage.

Mr S wasn't happy so he complained. Aviva hadn't completed its investigation into the complaint before Mr S referred his complaint to this service. He wants Aviva to purchase the house at the full market price at the height of the market. He wants Aviva to pay compensation for the additional costs incurred in having to move out of the house, and a sum to apologise for what's happened. He thinks Aviva should pay each family member a sum for the stress, anxiety, and upset caused. Mr S also wants Aviva to reimburse him for the additional costs of gas, electricity, council tax, moving at short notice, mortgage for the other property, and travel expenses.

Our investigator looked into things for him. She made it clear she was only able to consider the complaint up to 21 September 2022 and anything after this date would be subject to a new complaint. Our investigator said she didn't think Aviva had treated Mr S fairly due to the delays over the course of the claim. She recommended Mr S be paid £800 to reflect the distress and inconvenience caused. She referred to the exclusion within the policy that doesn't provide cover for loss in value of the property. The investigator also agreed Aviva should pay the utility costs for the period the house was unoccupied, and those used by the

contractors, once Mr S provides evidence of the increase to Aviva. Finally, the investigator didn't agree that Aviva should pay towards the cost of the mortgage.

Mr S didn't agree. He said they were into their third year of the claim and the work was still not complete. He said he moved out and purchased the other property since he needed to leave the family house due to the leak. Because Mr S didn't agree the complaint came to me to decide.

My provisional decision

"I'm upholding Mr S's complaint – and for much of the same reasons given by the investigator. I've explained my rationale below, but before I do I want to acknowledge that I've summarised events in my own words and in far less detail than what's been provided to me. If I've not mentioned anything it's not because I haven't considered it – I've carefully reviewed the evidence submitted by both parties. Instead I've focussed on the key elements of the timeline, and what I consider to be the crux of the complaint – in line with our remit as a quick and informal alternative to the courts. No discourtesy is meant by that, nor is it my intention to minimise in any way what Mr S and his family went through.

A claim of this nature, where restoration works were required to almost every room in the house, was always likely to be a very disruptive and stressful experience for Mr S. Ultimately the leak resulted in the conditions that gave rise to the claim. But I've had to decide what impact Aviva has caused over and above what might reasonably be expected, through its case handling.

Timescales for repair

The repairs took longer than originally anticipated – there is no dispute about that. There are various reasons for this including the issues faced by the construction industry during and after covid, delays with the asbestos survey and work, and some private work Mr S had commissioned. Since there is no dispute the work took longer than originally thought it's not my intention to comment on this point further. I have discussed compensation in respect of the delays below.

Alternative accommodation

The policy says, "if your home can't be lived in because it's been damaged by something which is insured under your policy, we will pay for the following until it's fit to be lived in:

- Reasonable additional alternative accommodation costs for you if you live in the home."*

Aviva said when it became clear Mr S would need to vacate the property in order for the work to be completed he and his family had already vacated the house and moved to be closer to Dr S's job – while waiting for the sale of their previous home which was on the market. I can't see any reference in the claim notes or elsewhere that Mr S made a request for alternative accommodation and can see no evidence that any request was denied by Aviva.

By the time the leak was noted Mr S hadn't been back to the property in over a month and had a rota of neighbours going to check on it. So I think Mr S was intending to move house in any event. I realise the work to the property went on much longer than anticipated but I can't see that Mr S ever made a claim for alternative accommodation. And I can't say Aviva has done something wrong if it wasn't given an opportunity to provide any accommodation in the first instance.

Sale of property

I am unable to hold Aviva liable for any increase or decrease in the market value of the property as a result of the leak. Under general exclusions the policy is clear it doesn't cover loss in value. The policy says Aviva won't cover, "Loss in value or indirect loss. Loss in value, including any loss that is not the direct result of the insured incident (for example if the value of an item or the market value of your home reduces because it's being repaired)."

I haven't seen any evidence that a sale for the property had been agreed. Mr S had indicated there was an offer of over £900,000 at the time but an offer isn't the same as an agreed sale. And in the absence of such evidence of actual loss, I'm unable to ask Aviva to pay for any perceived shortfall in the value of the property. I am therefore not upholding this part of the complaint.

Compensation

Details of how we award compensation can be found at the following <https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience>

I can see Mr S wants to be compensated for the fuel to get to the property and back, the removal and storage costs, his day rate over 20 days when he attended to inspect the property, and the shortfall in property value.

As previously explained I don't agree Aviva are liable for any shortfall in potential sale price, or a £500 day rate for Mr S to come to the property to inspect and agree works. I can't hold Aviva liable for the family living elsewhere at the time of the incident since they had moved there prior to it occurring.

I have checked to see what Mr S would have been entitled to under the terms of the policy. Moving costs and the additional cost of utilities are payable. So I think Aviva should pay for these. Mr S should supply Aviva with proof of payment of the moving costs and the additional utilities so Aviva can reimburse this part of the claim.

Our investigator has recommended £800 compensation to reflect the distress and inconvenience caused. I've thought carefully about what happened and the impact the matter has had on Mr S and his family. I've considered our published guidance on making awards for distress or inconvenience and taking stock of everything I think £1,250 is the fair amount required to put things right.

Mr S should supply Aviva with proof of payment for anything I've asked it to pay him back for. Any reimbursement payments I've directed Aviva to make should have 8% simple interest yearly applied to them, to compensate Mr S for the time he was deprived of those funds. Interest should be calculated from the date Mr S paid them until the date Aviva refunds him.

Conclusion

I think the situation has gone on far too long for what started as a fairly straightforward (albeit, large) escape of water claim. The issues meant the claim had been delayed by over two years with more weeks of scheduled work remaining.

Mr S says there are other aspects which haven't been settled – including the extent of Aviva's liability for Mr S's contents, and the snagging issues. I understand they are the subject of a separate complaint and therefore I haven't discussed them in any detail here.

I can see the situation has been distressing for Mr S and his family and caused some disruption to their daily life. Mr S has spoken about the considerable impact on his health, his family life, and his marriage as a result of the ongoing stress of the claim. Mr S has also gone to a lot of effort in attending regular site visits to ensure the necessary work is completed, and to an acceptable standard.

Notwithstanding the above Aviva doesn't have a never-ending liability to Mr S or this claim. And so I think it is appropriate now to bring the matter to an end and settle things fairly. I am therefore upholding Mr S's complaint but I realise Mr S won't be entirely satisfied with my directions to put things right since I'm not requiring Aviva to meet all of Mr S's outstanding claims for recompense."

Response to my provisional decision

Aviva didn't provide any comments on my provisional decision. Mr S responded with a number of questions that related to issues not within the scope of my investigation. He also posed some questions regarding issues I've considered as part of this complaint. No further information or evidence was provided.

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.

In light of the fact that I've received no new evidence or information regarding my provisional decision (which I've reproduced here and which forms part of this final decision) I'm satisfied it represents an appropriate way to resolve the dispute. For the reasons set out above I'm upholding Mr S's complaint.

Putting things right

Compensation

Details of how we award compensation can be found at the following <https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience>

I can see Mr S wants to be compensated for the fuel to get to the property and back, the removal and storage costs, his day rate over 20 days when he attended to inspect the property, and the shortfall in property value.

As previously explained I don't agree Aviva are liable for any shortfall in potential sale price, or a £500 day rate for Mr S to come to the property to inspect and agree works. I can't hold Aviva liable for the family living elsewhere at the time of the incident since they had moved there prior to it occurring.

I have checked to see what Mr S would have been entitled to under the terms of the policy. Moving costs and the additional cost of utilities are payable. So I think Aviva should pay for these. Mr S should supply Aviva with proof of payment of the moving costs and the additional utilities so Aviva can reimburse this part of the claim.

Our investigator has recommended £800 compensation to reflect the distress and inconvenience caused. I've thought carefully about what happened and the impact the matter has had on Mr S and his family. I've considered our published guidance on making

awards for distress or inconvenience and taking stock of everything I think £1,250 is the fair amount required to put things right.

Mr S should supply Aviva with proof of payment for anything I've asked it to pay him back for. Any reimbursement payments I've directed Aviva to make should have 8% simple interest yearly applied to them, to compensate Mr S for the time he was deprived of those funds. Interest should be calculated from the date Mr S paid them until the date Aviva refunds him.

My final decision

My final decision is I uphold Mr S's complaint about Aviva Insurance Limited, and direct the insurer to;

- On receipt of evidence from Mr S Aviva should reimburse the cost of moving and additional utilities, plus 8% simple interest, as I've directed in my decision above, and
- Pay Mr S and Dr S £1,250 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mr S to accept or reject my decision before 13 December 2023.

Kiran Clair
Ombudsman