

The complaint

Ms L and Mr M complain that Ageas Insurance Limited won't agree to cover all of the alternative accommodation costs claimed for under their home insurance policy.

Ageas is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of its agents. As Ageas has accepted it is accountable for the actions of the agents, in my decision, any reference to Ageas includes the actions of the agents.

What happened

In January 2023, Ms L and Mr M made a claim under their home insurance policy with Ageas after an escape of water event caused damage to their second home.

Ms L and Mr M raised several complaints about Ageas' handling of the claim and delays in progressing it. They were also unhappy that Ageas wouldn't agree to reimburse them for alternative accommodation costs they'd incurred.

Ageas issued a final response letter on 16 August 2023 addressing several concerns Ms L and Mr M had raised. It said the requirement for alternative accommodation was not discussed with the loss adjusters for them to consider that element of the claim and advise appropriately on cover. It didn't agree that accommodation costs Ms L and Mr M had incurred when visiting the area where the damaged property was located were necessary as their main residence was fit for habitation and a loss assessor was overseeing the claim. But it agreed to reimburse them for six nights of accommodation (minus pet charges) which totalled £965.

In November 2023, Ms L and Mr M brought their complaint to the Financial Ombudsman Service. They said most of the issues addressed in Ageas' final response had been dealt with. However, they remained dissatisfied with Ageas' position in relation to the costs of alternative accommodation they'd incurred during the period their property was uninhabitable.

Our investigator thought Ms L and Mr M's complaint should be upheld. She didn't think it was fair for Ageas to refuse to pay their accommodation costs because they used the property as a second home. She also thought Ageas should cover the pet charges. She recommended that Ageas pay for the full accommodation costs incurred by Ms L and Mr M up until the date of the final response of 16 August 2023.

Ms L and Mr M accepted our investigator's outcome, but Ageas disagreed. It said it firmly believed there was no requirement for Ms L and Mr M to have incurred these additional costs as their main dwelling was completely habitable and unaffected by the loss. It said it appreciated there may have been some disturbance to their usual activities, and it had agreed to pay for some of the costs in acknowledgement of this. However, it did not feel that alternative accommodation costs should be considered as part of the claim. So, the complaint has been passed to me to decide.

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've decided to uphold Ms L and Mr M's complaint. I'll explain why.

I thought it would be helpful to provide some clarity about the Financial Ombudsman Service's role and the scope of the complaint that I'm deciding. Our role is to resolve disputes between complainants and financial businesses, to help both parties move on. It isn't our role to handle a claim or to deal with matters as they arise.

In this decision, I will be considering unresolved matters complained of up until Ageas' final response of 16 August 2023. Ms L and Mr M have told us they have incurred alternative accommodation costs since this date which Ageas has refused to reimburse them for. Our service may be able to consider a separate complaint about these costs once Ageas has had the opportunity to address it.

The policy's terms and conditions say there is cover for:

"additional costs of alternative accommodation, substantially the same as Your existing accommodation, which You have to pay for while the Buildings cannot be lived in following loss or damage that is covered under Section One."

Ageas says Ms L and Mr M made several visits to the area where the property is located without seeking prior authorisation or approval for alternative accommodation costs from it. It says Ms L and Mr M had appointed a loss assessor to manage their claim from the outset, so it doesn't think all of the costs incurred were essential or justified. It accepted that they may have wished to visit their property to ascertain the extent of the damage following an incident. So, it agreed to pay them £965 for three two-night stays.

Ms L has provided a copy of an email she sent to the loss adjusters dealing with the claim on 28 January 2023. She asked to check whether the policy covered her and Mr M for alternative accommodation while the house was uninhabitable. She said, for example, they had to come up to inspect the house and talk to tradespeople and asked if they could reclaim the cost of their accommodation. She says she didn't receive a response to her email, so she relied on the policy wording and proceeded to incur costs for alternative accommodation.

When they brought their complaint to us in November 2023, Ms L and Mr M said they'd incurred costs totalling £4,410 for 22 nights' accommodation, 12 of which were before Ageas issued its final response to their complaint.

I appreciate Ageas' doesn't believe it was necessary for Ms L and Mr M to have incurred these costs as their main home was habitable. However, I can't see anything in the policy's terms and conditions to suggest that alternative accommodation isn't covered if the insured address is a second home.

The insured property is around a three hour drive from Ms L and Mr M's main home. They've provided evidence to show that prior to the escape of water event they regularly stayed at their second home. They stayed there on seventeen occasions in 2022. Some of these visits were for a few days and some were for more than a week. The alternative accommodation they are claiming for visits in 2023 is much less than that.

I think it was reasonable for Ms L and Mr M to want to continue to visit the area where their second home is located while the property was uninhabitable. In doing so they incurred costs that they wouldn't have incurred if the property was habitable. Keeping in mind that the policy provided cover for the costs of alternative accommodation, substantially the same as their existing accommodation, I think the costs Ms L and Mr M are claiming for are reasonable. I think it would likely have cost Ageas far more if they'd covered the cost of a short-term let of a similar property for the entire duration that the property remained uninhabitable.

I can see Ageas decided not to cover the pet charges for the accommodation it agreed to pay for. Ms L and Mr M say they would normally take their dog with them when staying at their second home, and they wouldn't always be able to find someone to leave her with when they go away. If Ms L and Mr M had stayed in accommodation which was substantially the same as their existing accommodation there would have been space for their dog to stay. So, I think it would be reasonable for Ageas' to cover the pet charges.

Putting things right

Ageas should reimburse Ms L and Mr M for the full costs of alternative accommodation (including pet charges) from the start of the claim until the 16 August 2023.

My final decision

For the reasons I've explained, I uphold Ms L and Mr M's complaint and direct Ageas Insurance Limited to put things right by doing as I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L and Mr M to accept or reject my decision before 1 July 2024.

Anne Muscroft
Ombudsman