

The complaint

Mr and Mrs N complain about the way Aviva Insurance Limited handled a claim they made on their home insurance policy following an escape of water in a neighbouring property.

Aviva's been represented by contractors for parts of the claim. For simplicity at times, I've referred to the agents' actions as being Aviva's own. In other places I've referred to the individual contractor.

Mrs N has been the main correspondent for the claim and complaint, but for ease I've referred to all comments and actions as being both Mr and Mrs N's.

What happened

In early 2023 Mr and Mrs N made a claim on their home insurance policy. A neighbouring property, adjoining theirs, had suffered damage due to an escape of water, which also impacted Mr and Mrs N's property.

Aviva accepted the claim and said it would take around two months for repairs to be complete. Mr and Mrs N were unhappy with how Aviva managed the claim, so they made a complaint. They said it took six months to resolve the issues, due to Aviva's poor handling. They said Aviva had tried to dry out the plaster with dehumidifiers when it would have been quicker to remove the wet plaster and replace it, which is what it had to do after its failed drying attempt.

They also said during the repairs, their kitchen and dining room wasn't usable, and whilst Aviva offered £10 per day to account for this, this wasn't enough to compensate them having to eat out frequently during the repairs. And given it was the neighbour's property that had caused the damage, they shouldn't have to pay their excess, nor should their premiums have increased because of the claim.

Aviva responded to the complaint; it didn't think it had acted unreasonably by first installing dehumidifiers to dry the affected plaster. It also said as Mr and Mrs N had had a claim, it was right that it shows on their policy. It said it had tried to recover the excess from the neighbour but couldn't do so as it couldn't be established the neighbour caused the leak.

In relation to Mr and Mrs N's comments about particular contractors, it accepted there were failings, and that feedback had been provided. In view of the unnecessary distress caused by the contractors, it offered £200 compensation.

Unhappy with the response, Mr and Mrs N brought their complaint to the Financial Ombudsman Service. In particular Mr and Mrs N said Aviva hadn't commented on their complaint point that the contractors' actions amounted to 'gaslighting' throughout the claim.

After the complaint was referred to this Service, Aviva said it would increase its offer of compensation to £400. It accepted the communication during the claim had been poor, and it had wrongly said the property was dry when it wasn't, which caused delays in the claim. Our Investigator thought this was a fair offer which reflected the distress and inconvenience caused. But she said it couldn't be shown the contractors had been gaslighting Mr and Mrs N. She didn't think Aviva had acted unfairly in charging an excess or in the way it had recorded the claim. So she didn't recommend Aviva take any further action in relation to the policy premium.

Mr and Mrs N didn't accept the outcome of our Investigator. In summary they said

- £400 wasn't sufficient to compensate for the six months of upheaval, largely caused by Aviva's poor handling,
- The conduct of Aviva's contractors was poor, and they'd been lied to about repairs on the neighbouring property, and this did amount to 'gaslighting'.
- Their excess payment should have been pursued against the neighbour's insurer.
- The final claim amount is listed as being £9,000 which is grossly overstated for the works they had done, which has unfairly impacted their insurance premium.

As Mr and Mrs N didn't agree, the matter has come 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.

As this is an informal service, I'm not going to respond to every point or piece of evidence Mr and Mrs N and Aviva have provided. Instead, I've focused on those I consider to be key to determining the complaint. But I would like to assure them I have considered everything provided, even if it isn't referenced in my findings.

I don't intend to go over the history of the claim in detail, as it's not in dispute that it should have been handled better. Aviva has made an offer of £400 to recognise the impact of the service failings of the contractors Mr and Mrs N have complained about. So I've considered whether that fairly reflects the impact its mistakes caused.

Aviva accepts it told Mr and Mrs N the claim would take two months, it says it was an estimate, Mr and Mrs N say they were told that was a maximum. In the end it took around six months for the claim to be finalised.

I've reviewed the timeline, Mr and Mrs N consider drying – without the plaster being removed first – shouldn't have happened. I don't think it was unreasonable for Aviva to attempt drying out of the plaster, as it was less disruptive to Mr and Mrs N than stripping out the kitchen from the outset. But I think Aviva should have taken action earlier, once it realised the drying equipment hadn't been effective after a number of weeks, so I think it did cause some delay before deciding to remove the plaster.

Having removed the plaster and carried out more drying, the property was replastered in April, but Mr and Mrs N raised concerns that it wasn't drying. Whilst there was some disagreement initially, ultimately it was accepted that the wall was still wet and the replastering had to be removed, to aid more drying, and redone, which happened at the end of May. I consider, on balance, that the wall wasn't sufficiently dry before the first plaster was done, given that the neighbouring property had suffered no more leaks. Mr and Mrs N said they were lied to about the condition of the wall and neighbouring property. I don't consider it relevant to the outcome of the complaint to decide if Mr and Mrs N were deliberately misled, or whether the repairs were simply handled poorly, because it doesn't make a difference to the overall outcome I've reached.

Overall, I'm satisfied that the initial replaster was done when it likely shouldn't have been. And Aviva's actions resulted in a further delay to the claim as a result. This caused further disruption to Mr and Mrs N, as they were without full use of their kitchen for longer than they ought to have been, and it resulted in a break down in the relationship between them and the contractors.

Mr and Mrs N have raised concerns about the treatment from the contractors. They said the treatment amounted to a form of psychological abuse known as 'gaslighting'. As an informal service, I don't consider it my role to determine whether or not the contractors' behaviour

amounted to gaslighting. But Aviva accepts the conduct of the contractors was poor, and I can see that its actions would have caused Mr and Mrs N unnecessary distress. Aviva said feedback would be provided. I'm satisfied agreeing to provide feedback, and awarding compensation, is a reasonable resolution to this complaint.

Having considered all of the above, including the unnecessary delays caused by Aviva and the upset caused by the contractors, I'm satisfied £400 is fair to recognise this and in line with our published guidelines.

Turning to the disturbance allowance, Mr and Mrs N say the £20 per day in total for them both wasn't enough to buy a healthy meal. I accept that might not be the case. But this isn't what a disturbance allowance is for. We wouldn't expect the insurer to pay for the policyholder's typical weekly food expenditure – just a reasonable contribution to recognise the *additional* cost, driven by being temporarily without cooking facilities.

And whilst I agree Aviva caused delays in this claim, Mr and Mrs N weren't without cooking facilities for six months. From the file it seems there were a few weeks at the start where the electrics were turned off. After that, from what I've seen, the electrics were only inactive for a few days at a time. And I'm satisfied Aviva promptly made payments for these periods. So while I accept it's not an ideal situation for Mr and Mrs N to have been in, I'm satisfied Aviva acted fairly in paying the disturbance allowance cost and I'm not going to require it to make any further payment.

I've considered Mr and Mrs N's comments about their policy excess and renewal premiums. Mr and Mrs N have said that the final claim cost is noted to be around £9,000, which is inflated due to the poor handling of the claim. They say this has unfairly impacted their renewal premium and so it should be reduced.

I accept it's likely that Aviva's handling of the claim increased the overall claim costs, especially as the plaster had to be removed and redone when the wall wasn't dry. It's difficult to put an exact figure on how much this, and other delays, increased the claim amount by. But even if I could estimate an amount that the claim cost was increased by, I'm not satisfied asking Aviva to remove this would make a difference to the renewal premium.

Overall I think it's fair that a claim is recorded – even though the damage originated outside of Mr and Mrs N's property. There also needs to be some record of the insurers outlay on a claim. Having a claim registered will likely impact a renewal premium. But it isn't the only factor in setting one. Insurers use a range of factors when setting renewal premiums, so I'm not persuaded that it was only Aviva's handling of the claim that resulted in an increased renewal premium, so I'm not going to require it to take any action.

Mr and Mrs N have said they should have been refunded their excess, as Aviva should have recovered this from the neighbour. Aviva has said this was looked into, but it considered the prospect of success was low, so it didn't pursue it. I'm satisfied Aviva's policy terms say Mr and Mrs N will have to pay an excess for each claim. The terms also say it has full discretion to take legal proceedings for its own benefit in respect of the cost of the claim. This means it's entitled to take a decision Mr and Mrs N don't agree with. Whilst I've noted Mr and Mrs N's comments on the relationship between their and the neighbour's insurers, having considered everything I'm not going to interfere with Aviva's decision not to pursue the claim or refund their excess.

My final decision

My final decision is that I direct Aviva Insurance Limited to pay Mr and Mrs N £400 compensation to resolve this complaint, less any amount it has already paid.

Aviva Insurance Limited must pay the compensation within 28 days of the date on which we tell it Mr and Mrs N accepts 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 N and Mrs N to accept or reject my decision before 30 May 2024.

Michelle Henderson
Ombudsman