

## The complaint

Mrs M complains about the settlement paid by Aviva Insurance Limited under her contents insurance claim.

## What happened

Mrs M holds buildings and contents insurance cover with Aviva. In 2020 there was a fire at Mrs M's property, and she made a claim to Aviva which was accepted.

In respect of the contents, the damage was limited to items in the dining room. Aviva arranged the restoration of some items. However, the majority of items were categorised as 'beyond economic repair' (BER). In January 2022, Aviva offered Mrs M £15,000 in settlement of those items, which Mrs M accepted.

Mrs M later complained to Aviva about its handling of her claim. She thought it had undervalued her belongings and said she had felt forced to accept its offer of £15,000. She thought Aviva should pay her an additional £10,000. Mrs M also said she felt ignored and patronised throughout the process, and raised some other concerns about the claim.

Aviva issued its final response on the complaint. It said Mrs M had accepted the settlement amount, and hadn't provided any new information (by way of receipts, valuations or other documentation) to support that her belongings had been undervalued. Aviva therefore didn't increase the settlement amount. Aviva didn't uphold Mrs M's other complaint points either. Unhappy with this, Mrs M asked the Financial Ombudsman Service to consider her complaint.

Our investigator didn't recommend the complaint be upheld. She thought Aviva had dealt with the claim fairly.

I issued a provisional decision on 15 May 2024. Here's what I said:

*'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:*

*'We can choose to settle your claim by repairing, giving you an equivalent replacement...or making a payment...If we are able to repair or replace your property but agree to settle using cash or a voucher we will only pay you what it would have cost us to repair or replace it.'*

*We asked Aviva for a breakdown of its settlement offer of £15,000, but it didn't provide this. It said Mrs M's BER list was heavily overstated and overpriced, given that only one room of contents was affected by the fire.*

*It seems to me that Aviva hasn't been willing to give proper consideration to Mrs M's concerns because she had previously accepted the £15,000 settlement offered. However,*

*Mrs M had raised concerns about the replacement items found by Aviva's agent and their values before she accepted this. She's explained that she accepted the offer because her late husband was ill at the time and she wanted to try and move on and buy new items, given over a year had passed since the fire. Although there's no evidence that Mrs M was pressurised into accepting Aviva's offer, I can understand why she did so.*

*I haven't seen details of the offer, but Mrs M says she's never been provided with a breakdown of it. I don't know if the offer was made in full and final settlement of the claim, but even if it was, I would have expected the settlement details to be made clear to Mrs M. As she says she's never seen a breakdown, I'm going to assume that the details of the settlement weren't clear. And so I think it's appropriate for us to consider whether the offer was fair, even though this was accepted by Mrs M at the time.*

*The BER list compiled by Aviva's agent names each damaged item together with a link, which when selected, shows a picture of that item. Aviva's agent also provided a separate link to what they considered to be a similar replacement item, together with the cost. Mrs M's argument is that the majority of the replacement items don't resemble the original damaged items, and that the damaged items have been undervalued. Aviva's agent had estimated the replacement items on the list would cost £4,384 in total, but Mrs M thought the figure would be more like £19,000.*

*Unfortunately, not all of the replacement items that Aviva's agent found in 2021 are now available for me to view. Though I've been able to look at some of these, and I think Mrs M has a reasonable point. To give some examples, there's an ornamental dog which Aviva's agent said could be replaced for around £36, but the replacement item doesn't look like the original. I've found a very similar replacement to the original online for around £148. Also, there was a damaged corner display unit which Aviva's agent said could be replaced for around £173, but the replacement they found is completely different to the original in both appearance and quality. Mrs M has found a similar replacement which costs over £1,000.*

*It also seems as though Aviva's agent left off some items from the list, such as six dining room chairs, which Mrs M estimates would cost around £2,576 to replace.*

*Aviva says that Mrs M hasn't provided any new information or details as to which items she thinks its agent couldn't replace. However, Mrs M has made it clear that she found the similar items online and has pictures of these. I can't see that Aviva has asked her for this information.*

*Taking everything into account, it does seem that the £4,384 figure estimated by Aviva's agent was too low and Mrs M's belongings were indeed undervalued. Though as I haven't seen a breakdown of the £15,000, I don't know how much of this was for the items on the BER list. I understand this figure also included several pieces of artwork that Aviva's agent didn't want to restore/replace, as well as the replacement cost for some items that were damaged by Aviva's agent.*

*So, to put matters right, I think Aviva should again go through the BER list to find appropriate replacement items. Mrs M can provide Aviva with details of the replacements she's found too, which it can take into account. Aviva should then reconsider whether the settlement amount it has paid is fair. It should also provide Mrs M with a full breakdown of the settlement.*

*Alternatively, Mrs M says she'll be willing to accept an additional £10,000, so Aviva could offer this to Mrs M instead (in full and final settlement of the matter) if it wishes to do so.*

*Whilst Mrs M would have always experienced some inconvenience given the level of*

*damage to the room and her contents, I think it took too long for Aviva to reach the point where it could offer Mrs M a settlement in January 2022. If its agent had found suitable replacements at the outset of the claim, then Mrs M wouldn't have had to go to the trouble of doing her own research and there wouldn't have been such a long delay. Also, Mrs M was expecting an interim payment for the artwork, but she didn't receive this. I intend to require Aviva to pay Mrs M £300 compensation for the inconvenience she was caused by the matter.*

*Mrs M says that she was ignored and patronised throughout the claim. I haven't seen any evidence of this, though I do think Aviva's agent ought to have properly addressed her concerns about the replacement items. I've taken this into account in the compensation I'm intending to award, as mentioned above.'*

I asked both parties for any further comments they wished to make before I made a final decision.

Mrs M responded with the following main points:

- Aviva made the offer of £15,000 a year after the fire. This was shortly after her husband had passed away and was the most distressing period of her life.
- She went to great lengths to provide a list of appropriate replacements, but Aviva didn't take this into account.
- The artwork is still stored in the same way as it was returned to her, as well as a sofa. She can't move forward as she doesn't have the money to clean and restore them.

Aviva responded to say it accepted my provisional findings.

### **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 appreciate that Mrs M accepted Aviva's settlement offer initially because she wanted to move on, and she was going through a very difficult time in her personal life. As I've said, I haven't seen any evidence that Mrs M was pressurised by Aviva into accepting the offer, though I understand why she did so.
- I agree that Mrs M had made it clear she had found similar items online, but Aviva didn't ask her for this information. When Aviva goes through the BER list again to find appropriate replacements, Mrs M can provide it with details of the items she's found, so it can take these into consideration.
- Aviva had included the artwork and sofa within its £15,000 payment because it thought they were beyond economic repair. I understand Mrs M wanted the items back, and so Aviva returned them so she could try and restore them herself if she wanted. I don't see anything wrong with this. These items should therefore be included in the breakdown of the settlement amount when Aviva provides this to Mrs M. If Mrs M is unhappy with the amount, she should raise this with Aviva in the first instance.

## **My final decision**

My final decision is that I uphold this complaint. I require Aviva Insurance Limited to go through the BER list again to find appropriate replacement items, and then reconsider whether its settlement was fair. It should also provide Mrs M with a full breakdown of the settlement amount (whether this is increased or not).

I also require Aviva to pay Mrs M £300 compensation\*.

\*Aviva must pay the compensation within 28 days of the date on which we tell it Mrs M 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 Mrs M to accept or reject my decision before 4 July 2024.

Chantelle Hurn-Ryan  
**Ombudsman**