

The complaint

Mr and Mrs A have complained about the way Ageas Insurance Limited settled a claim they made under their home insurance policy.

Mr A has primarily dealt with things so, for simplicity, I'll refer to him only.

Reference to Ageas includes its agents and representatives.

What happened

The circumstances of this complaint aren't in dispute, so I'll summarise the main points:

- Mr A got in touch with Ageas in May 2022 about a water leak that caused damage to his home. As there had been cracking and movement, Ageas initially considered a claim for subsidence, but that was eventually declined and closed.
- Ageas accepted a claim for escape of water. The leak was repaired and Ageas offered to settle the claim by paying Mr A cash to the value of a quote he obtained from a builder, in instalments. It also offered to pay for storage of contents.
- Work began in February 2023, but a dispute arose between Mr A and the builder about the quality of the work. Work stopped in March without being completed. The builder began legal action against Mr A for non payment and Mr A counter claimed for the cost of completing the work he'd paid for. He asked Ageas for help.
- Ageas said it had no responsibility for the builder, or their work, as Mr A had agreed to settle the claim by cash payment.
- Mr A complained in April 2023. He said he wasn't aware that by settling the claim in the manner Ageas had offered, he would be accepting a cash settlement and taking responsibility for the builder and their work. With the work incomplete, he was unable to use any of the bedrooms, much of the property was stripped of plaster, and he was unable to accept contents back from storage.
- In May, Ageas appointed a loss adjuster to inspect the property. They said there was outstanding work to be completed as a result of the water leak, possibly involving latent defects that may not be covered by the policy. They recommended an expert schedule the required work to put right the damage, note the cause(s) of the damage, and then for Ageas to decide what work was covered and/or needed to be carried out to complete the escape of water repairs.
- Ageas agreed to carry out this exercise. It said it could retract its agreement to settle the claim by cash payment in instalments so that it could carry out repairs to the property – but only if Mr A returned the instalments he'd already been paid by Ageas which, by that time, was around £9,000 in total.

- Mr A questioned whether Ageas' suggestion treated him fairly. By that time, he'd paid £4,000 to the builder, and he was being asked to pay the remaining £5,000, *plus* the builder's claim for loss of earnings, interest and costs – despite the repair problems – so he thought Ageas' suggestion would make him lose out financially.
- Ageas acknowledged the April 2023 complaint but didn't provide a response to it. So Mr A referred his complaint to this Service in June 2023.
- After that, Ageas said it wasn't party to the contract between Mr A and his builder – and nor was it a party named in the legal action between Mr A and his builder. It offered to settle the claim by paying the remaining instalments, less the policy excess, which came to around £19,000. And it agreed to pay storage for a further four months, up to and including December 2023. Mr A noted this offer would also likely mean he'd lose out financially.
- The expert schedule of work was prepared in August. However, it didn't establish the causes(s) of damage or what work needed to be carried out to complete the escape of water repairs. The loss adjuster said that would be done, noting "*the repair work done to date is poor workmanship and needs removing and re-doing*". They also said an investigation would be carried out to determine if there were any other leaks.
- By the end of September, the schedule remained outstanding. Ageas hadn't responded meaningfully to Mr A about the concerns he raised – in his complaint or in relation to Ageas' suggested settlement offers – so its position was unclear.
- Our investigator considered the matter up to the time Ageas provided its file to this Service – October 2023. She thought Ageas had acted fairly. She said Ageas wasn't responsible for the builder because it hadn't appointed them. Nonetheless, Ageas had assisted Mr A with the problems he'd encountered, which was reasonable. The legal action was on-going, and that may impact what Ageas would be responsible for, so our investigator didn't think she should comment on it.
- Mr A didn't think this was fair and made a number of points. In summary, he said:
 - Ageas had asked him to obtain a quote from a builder. Ageas agreed with the work and cost and to pay him in instalments to pass onto the builder.
 - At no point did Ageas advise Mr A he was settling the claim by cash payment and/or taking responsibility for the builder.
 - Ageas' position is unclear, in part because it hasn't answered his complaint.
 - Ageas has only agreed to pay for storage up to December 2023, despite the building work not being complete, so the contents can't be returned.
 - The building is deteriorating in its unrepaired state.
 - All this has caused a great deal of stress for Mr and Mrs A and has had a detrimental impact on their health, wellbeing and finances.
- Our investigator wasn't persuaded to change her mind about the complaint Mr A had referred to this Service. But she let Mr A know he could raise additional complaints about other matters, including what had happened since October 2023.
- The builder's legal action against Mr A concluded in 2024. The Court found Mr A liable for some of the builder's claim. And it found the builder liable for some of Mr A's counterclaim. Overall, that meant Mr A had to pay the builder nearly £3,000.

My provisional decision

I recently issued a provisional decision in which 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 scope of this complaint is that which Mr A referred to this Service in June 2023, namely, the way the claim was settled in January 2023, and the way Ageas subsequently dealt with matters when a dispute arose with the builder.
- Normally I would consider matters up to the time of a complaint response. But here, Ageas didn't respond to the complaint. That's very disappointing, particularly as it's caused a lack of clarity about its position. So, I need to set another point in time to consider matters until. Our investigator suggested October 2023, when Ageas provided its file to this Service. I think that's the most practical, so I will do the same.
- If Mr A wishes to refer a complaint about any other matters to this Service, he's entitled to do so. For example, any matters since October 2023.
- The policy covers damage caused by a water leak. There's no dispute that's what happened here or that the claim is covered by the policy.
- There are essentially two key questions for me: Firstly, did Ageas settle the claim fairly in January 2023? And secondly, did it act fairly when it was notified of a problem with the repair work, including its offers to take over the repairs or make further cash payments? I'll consider both points in turn.

January 2023 claim settlement

- The relevant part of the policy says:

"How we'll handle your claim ... we'll ask you to pay the excess. We'll then repair or rebuild your property... Alternatively, we may make you a cash offer. We'll decide which way of paying your claim is most appropriate.

If we suggest a repair or rebuild, we may offer to use one of our own partners. However, if you wish to use someone else, you're free to do so...

If we decide not to repair or rebuild, we'll offer to make you a cash payment."

- In summary, I'm satisfied this gives Ageas the right to decide how to settle the claim and choose between two options. Firstly, for Ageas to carry out a repair or rebuild and, secondly, for Ageas to make a cash payment.
- I would expect Ageas to take into account the particular circumstances of the claim and their policyholder when deciding which option to take. I would also expect it to be clear with its policyholder about any significant consequences of the options.
- During the claim, Mr A has at times been represented by his insurance broker, who I'll call H. H is an independent intermediary and Ageas isn't responsible for it. As a result, I won't be able to consider the way H acted within this complaint about Ageas.

- In December 2022, H told Ageas Mr and Mrs A were “*getting their builder in to quote to rectify the damage, [Mr and Mrs A are] more than likely wanting a cash settlement ... [Mrs A] would prefer to use their own builder*”.
- After that, Mr A got the builder’s quote and shared it with Ageas. After considering the quote, it told H: “*We will agree to the quote. We can give authority for the insured to book in the works ... We can make interim payments to the insured whilst the works are ongoing*”.
- In response, H said Mr and Mrs A were “*very happy they can start sorting their house out*”. That was effectively their agreement to Ageas’ offer to settle the claim by cash payment. Mr A made arrangements with the builder to begin work shortly after that.
- Ageas says the cash settlement means it wasn’t responsible for the builder or their work. In principle, I think that’s a reasonable position to take. Ageas only had a contract with Mr A and it fulfilled that contract by settling the claim by cash payment. It didn’t have a contract with the builder and didn’t appoint the builder. Nor did it take any action such that I might consider it effectively appointed the builder. For example, it didn’t negotiate the scope or cost of the builder’s work. And nor did it communicate directly with the builder and/or pay the builder directly. So I’m satisfied Ageas wasn’t responsible for the builder.
- I’m satisfied it was clear Ageas’ offer meant it would settle the claim by cash payment. But it didn’t make clear the significant consequence – that it wouldn’t be responsible for the builder. As a result, Mr and Mrs A didn’t fully understand the settlement they’d agreed to. I think that means Ageas treated them unfairly.
- To put right that unfairness, I’ve thought about the impact of the offer being unclear, including what Mr and Mrs A would likely have done had it been clear.
- Mr A has said he was asked to obtain a quote by H, suggesting he didn’t necessarily want to settle the claim by cash payment but was encouraged to do so by others. That may be the case, but the evidence I’ve noted above suggests Ageas was acting in line with what it was told by H – that Mr A wanted to settle by cash payment so he could use his own builder. I think it was entitled to rely on what it was told by H.
- I take into account that Mr A had refurbishment work to carry out, unrelated to the claim, and it would have been more practical and economical for one builder to carry out all the work, than for two to carry out different parts of the work. From H’s comments, he clearly preferred to use his own builder to carry out all the work promptly. I don’t think Ageas required or encouraged him to turn to a builder. Rather, Ageas settled the claim by cash payment as it understood Mr A wanted it to.
- In these circumstances, even if Ageas had been clearer, I think it’s likely Mr A would have accepted the cash settlement – and encountered the same repair problem. It follows that I don’t hold Ageas responsible for the repair problem occurring. As a result, I don’t hold Ageas responsible for the financial losses which flowed from the repair problem.
- And I don’t think Ageas was required to support Mr A in his legal action with the builder. That was a dispute which arose directly between Mr A and the builder as a result of the way the builder carried out the work. Ageas didn’t cause the problem and it wasn’t involved in that dispute, so I don’t think it had an obligation to support Mr A in the legal action.

- That means I won't require Ageas to pay the costs Mr A incurred obtaining reports about the builder's work or his legal fees. I recognise this leaves Mr A with a near £10,000 loss, which is a significant amount of money. But it's simply not something Ageas was responsible for in my view.
- When Mr A first notified Ageas of the problem, it said Mr A should pay the builder and it would recover the money. That suggested it would support Mr A. However, it changed position when the legal action began and said it had no responsibility due to the cash settlement. Whilst I'm satisfied it reached a reasonable position, its change caused Mr A confusion and concern at a difficult time. Ageas reimbursed Mr A the Court cost of the counter claim, which was around £450. I think that was a fair way to deal with things in the circumstances.
- Whilst I don't hold Ageas responsible for the repair problem occurring, if it had been clearer about the consequence of its offer, Mr A would have known he was responsible for the builder. So, when the problem arose, he wouldn't have been surprised to find that was the case. I think that would have lessened his distress and inconvenience at an already difficult time. As a result, I'm satisfied Ageas should pay compensation.

Reaction to repair problems

- Ageas agreed to settle the claim by cash payment, in instalments. When the repair problem arose, it had paid around £9,000 of the nearly £30,000 repair costs. So, the claim wasn't finalised and was very much ongoing.
- Ageas has a duty to handle claims promptly and fairly. So, whilst I've found Ageas wasn't responsible for the repair problem, it was responsible for handling the claim in line with that duty when it was notified of the problem.
- In summary, work stopped in March 2023, and Mr A got in touch with Ageas soon after. He was clear he was living in a part-repaired property, with much of it inaccessible, so I think Ageas ought to have recognised the position required urgent attention. I'm not satisfied it did that because, by October 2023, things hadn't materially progressed. That didn't treat Mr A fairly.
- Ageas sent a loss adjuster to inspect the property, which I think was a reasonable first step to understand the situation. The loss adjuster was quite clear in their opinion that the builder's workmanship was poor, the work hadn't been finished, and there was much left to do to repair the property. Ageas agreed to check for leaks and draw up a schedule of work to set out what needed to be done to complete the escape of water repairs. In principle, I'm satisfied that was a reasonable approach. But it didn't happen quickly enough, and Ageas was unclear about how it would settle the claim.
- Broadly, Ageas offered to carry out repairs or pay cash – which is in line with the policy terms and reasonable in principle. But when Mr A questioned the specifics of the offer, noting he may be left out of pocket given what Ageas had already paid him, what he may owe the builder, and what work remained outstanding, it didn't provide a clear position. That left Mr A uncertain about what he could expect from Ageas and I think that caused him avoidable distress and inconvenience.
- After the repair problem arose, Mr and Mrs A remained in their property, in difficult circumstances. I think that would inevitably have been the case for some of the

relevant time, as it would reasonably have taken Ageas a period of time to take the actions it had agreed to. But if it had acted more promptly, and been clearer about the claim settlement options, I think that would have given Mr A reassurance and a great deal of comfort, which would have lessened his distress and inconvenience.

- The scope of this complaint is limited to events up to October 2023, so I won't consider or make any findings about what's followed. At that time, Ageas hadn't made a clear offer to settle the claim. But I know it's since been taking steps to finalise the schedule of work and, once complete, it should go on to make an offer. I remind Ageas of its duty to handle claims promptly and fairly, particularly given the circumstances Mr A is in and the considerable impact it's having on him and Mrs A.
- At that time, Ageas had also offered to continue paying for storage until at least December 2023. I think that was reasonable at that point in time.

Compensation

- I've noted above a number of ways in which Ageas caused Mr A avoidable distress and inconvenience – up to October 2023. I think it should pay compensation for this.
- It's clear from what Mr A has said that he and Mr A have suffered considerably during this time. I have no doubt that's the case. But, whilst I hold Ageas responsible for some of their distress and inconvenience, I don't think it would be fair to make Ageas responsible for all of it. Some of it was the result of the water leak and subsequent damage – and much of it was the result of the builder stopping work. Neither of these things are, in my view, Ageas' responsibility.
- Overall, I consider a figure of £500 compensation is reasonable in the circumstances, and noting the scope of the complaint is limited to events up to October 2023.

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.

- Ageas didn't respond to my provisional decision, so I assume it agrees with my findings and has no challenge or comment to make.
- Mr A asked to clarify a few points. Our investigator provided a response and Mr A hasn't commented further. So it seems he's satisfied with the response. But I'll explain a few key points here so both parties are clear.
- This decision is limited to events up to October 2023. I've considered the way Ageas handled the claim up to that time, noted some instances where I think it treated Mr A unfairly, and found it should pay £500 compensation as a result. Neither party has challenged those findings, so I remain satisfied this amount of compensation is fair and reasonable in the circumstances.
- By October 2023, Ageas had made broad suggestions for how to settle the claim – but it hadn't dealt with Mr A's queries about the fairness of those settlement options or finalised the schedule of work. So I think it's fair to say it wasn't in a position to set out fully detailed claim settlement options at that time.

- Ageas has been working towards that position ever since and I understand it's close to reaching that position. I don't think it would be appropriate for this Service to step in and decide how the claim should be settled before Ageas has had a chance to put forward options to Mr A – and for Mr A to consider, and potentially challenge, them. This Service would only make such a decision if and when a deadlock arose between the parties – but we haven't reached that position yet and may never do so.
- I think the next steps are for Ageas to finalise the schedule of work it considers is required to complete the escape of water repairs. It should then propose settlement options to Mr A, taking into account all the relevant circumstances. Mr A can accept or challenge the options as he sees fit. And he will be entitled to raise a new complaint about any matters after October 2023 if he wishes – including the settlement options Ageas propose.
- I know Mr A would like to see progress as soon as possible. That's understandable as he and Mrs A continue to live in difficult circumstances and suffer considerable distress and inconvenience. Ageas should deal with this matter urgently in order to help minimise that suffering and bring this claim to a prompt resolution.
- Mr A says H didn't make him aware it was agreeing to a cash settlement on his behalf – and H says it didn't make such an agreement. This complaint is solely about Ageas so I can't consider how H acted. Mr A is entitled to make a separate complaint about H if he wishes.

My final decision

I uphold this complaint.

I require Ageas Insurance Limited to pay £500 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A and Mr A to accept or reject my decision before 3 September 2024.

James Neville
Ombudsman