

The complaint

Mr B and Mrs B complain that Ageas Insurance Limited have provided poor service when dealing with their contents claim for damage due to an escape of water.

What happened

Mr B and Mrs B arranged contents insurance with Ageas through a broker in March 2021 which renewed in March 2022. It included an amount for Tenants Home Improvement cover.

In March 2022 there was an escape of water at the property which caused damage to a recently renovated shower room, and also affected the kitchen and flooring in other rooms, so they made a claim under the policy.

Mr and Mrs B were unhappy with the service provided during the claim including not being advised early on about the claim limits, delays, and comments made by the contractor. They raised a complaint with Ageas.

In May 2023 Ageas issued their response, saying that they were sorry that Mr B and Mrs B weren't told about the policy limit from the start and that there had been some delays in the claim, for which they were awarding £100 compensation. However, they had settled up to the limit of their liability and so were satisfied the claim had been settled in line with the policy terms.

A further response was issued in August 2023 in respect of an additional complaint about comments made by the contractor, which Mr B and Mrs B found upsetting and offensive. Ageas didn't uphold this further complaint.

Mr B and Mrs B were unhappy with these responses and so they brought their complaints to us.

One of our investigators looked into Mr B and Mrs B's complaint and he thought that Ageas Should pay an extra £150, bringing the total compensation up to £250.

Mr B and Mrs B disagreed with our investigators view, and so the case came to me to review.

I issued a provisional decision on the complaint. My provisional findings were as follows:

I have to decide whether Ageas have acted fairly and reasonably, and properly applied the terms of the policy when dealing with the claim.

Having considered all the evidence, I'm upholding this complaint but with a different outcome to the investigator, and I will explain why.

The policy limits, communication and service

Mr B and Mrs B renewed the policy by phone on 7 March 2022. The policy booklet and schedule was sent to them the following day.

The policy booklet provided by Ageas at renewal in March 2022 provides the following cover on p25:

“We’ll pay for any damage to your contents caused by water or oil leaking from your tank, pipes, drains, or heating system. We’ll also pay for damage caused by water freezing within any of these.”

At p35 it includes Tenants Home Improvement cover as follows:

If you rent, rather than own your home, we’ll pay for damage to any interior decorations, or any home improvements that you’ve paid for.

However, the damage must have been the result of something that this contents policy covers, but not the result of accidental damage. Claims under this policy have a separate limit. Check your policy schedule to see how much this is.”

The policy schedule for the year March 2022 to March 2023 specifies the limit for contents cover as £80,000, and there is a limit of 10% of the total cover for Tenants Home Improvements - so a limit of £8000 in this case.

So I’m satisfied that Mr B and Mrs B were given notice of the policy terms and should have been aware of them. However, I appreciate that at the time of the claim, Mr B and Mrs B will have been distressed, and will have relied on Ageas to assist them in sorting out the issues and make it clear to them what can and can’t be included in the claim – including what is contents, and what would be covered by the Tenants Home Improvements section. I think it’s fair for a customer to expect this, and to expect that information provided to them by an insurer and their contractors is accurate so that they can rely on it when they are making decisions during the claim process.

Mrs B says that when she contacted Ageas, they said that the damaged floor was covered, and Ageas’s loss assessor who attended the property told her that she would receive a new kitchen cupboard and that all the work would be carried out by their contractors. This was understood to be the position for many months.

This information wasn’t accurate as it wasn’t caveated with details about how the cover limit would operate, and so I can understand why Mrs B felt misled. She says that if she had been told at the start what the cover limits entailed, she would have made different choices. The biggest choice that she would have changed is that she wouldn’t have bought an integrated fridge and freezer because as the cupboard encasing them was damaged it would have been cheaper to buy a freestanding one, but she was told that she needed to purchase a like for like replacement. Mrs B says she wouldn’t have done that if she had been told that the policy limit meant that she would get a cash settlement as the integrated fridge and freezer cost £1,548, which was a significant portion of the available budget.

I agree with the investigator that it is appropriate to make Mr B and Mrs B an award to reflect the distress and inconvenience caused by the unclear communication about settlement, and the provision of misleading information. I also think this should recognise some of the delays in resolution – which went beyond what I would have expected for a fairly straightforward claim. Whilst I can see that there were times when Ageas and their agents were unable to get hold of Mrs B because she was working, there were also significant periods with no action in the 18 months it took to reach a settlement decision on this claim, which resulted in a lot of frustration for Mrs B and her husband, impacted her work, and Mr B’s health, so I propose to increase the award to £400.

The fridge freezer

As part of my consideration of the fairness of the settlement figure offered by Ageas, I've also thought about how the fridge and freezer have been assessed under the policy.

The Tenant's Home Improvement section of the policy, under which settlement has been made and restricted, refers to providing cover for "interior decorations" or "home improvements" that the tenant has paid for.

I don't consider that the replacement of the fridge and freezer comes under this part of the policy as they can't be described as either interior decoration or a home improvement. They are standard everyday electrical appliances and are the tenant's responsibility to replace in a local authority property. Mrs B has proved that she bought them in 2019 to replace the previous ones. She is responsible for maintaining and replacing them and could take them with her if she left.

I think therefore that Ageas have incorrectly included them in the settlement for Tenants Home Improvements, which has reduced the amount available for repairs and reinstatement, and it would be fairer for them to be covered under the contents part of the policy despite them being integrated.

This is because under the "Leaking of freezing water & oil" provision in the policy it says at p25:

"We'll pay for any damage to your contents caused by water or oil leaking from your tank, pipes or drains or heating system"

There are no exclusions on appliances except for parts of the heating system, and in the definitions section of the policy "Contents" is defined as:

"Any items that you or your family own or are responsible for."

Again there are a list of excluded items - but appliances, integrated or otherwise aren't on that list. And so I propose to direct Ageas to remove the £1548 from the settlement paid out under the Tenants Home Improvements part of the policy, and treat it as contents, which will result in Mr B and Mrs B being reimbursed.

Comments made by the contractor

In a report sent by the appointed contractor who did the scope of work for Ageas, they said "I believe this claim to be related to the desire of the policy holder to refurbish the ground floor of her property". Mr B and Mrs B said they were very upset by this comment as they have a genuine claim for an escape of water.

Ageas haven't upheld this complaint as they have explained that their contractors have a duty to inform them of any concerns which they may have to prevent insurance fraud, and that in this case, the comments didn't influence the outcome of the claim as they settled up to the limit of their liability. However, they understood her concerns about the comments, which suggest that Mrs B is trying to claim more than she is entitled to.

I can appreciate how reading this must have made Mrs B feel on top of the already disappointing service issues, and whilst I understand what the contractors' obligations are, the comment does feel unfair. I have reflected that in the increased award for distress and inconvenience.

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.

Both Ageas and Mr B and Mrs B have responded to my provisional decision.

Ageas have accepted it and agreed to settle as proposed.

Mr B and Mrs B have also responded. They have said that the sum offered doesn't take not account paying for a new cupboard, and the additional costs of reinstatement that they have incurred. They feel they should be put back in the position they would have been in before the loss.

Whilst I understand this, the policy was clear about the limit on liability for damage to home improvements, and upon my proposed outcome Ageas will have paid out the full £8000 required in the Tenants Home Improvements section of the policy, which is what Mr B and Mrs B would have received regardless of the extent of the damage. By removing the fridge and freezer from that settlement, and asking Ageas to pay interest on the sum, it should put Mr B and Mrs B back in the position they would have been in if they had not been misled into making that decision.

Putting things right

In order to put things right, Ageas should:

- Remove the £1548 that was paid for the fridge and freezer from the Tenants Home Improvements part of the settlement and treat it as contents.
- Reimburse Mr B and Mrs B the £1548 up to the limit of their cover under the Tenants Home Improvements part of the policy for the repairs and reinstatement
- Pay 8% interest on the above sum from the date that the settlement payment was made in August 2023 until the date the payment is made
- Pay a total of £400 for the distress and inconvenience caused (deducting any sums already paid)

My final decision

My final decision is I am upholding Mr B and Mrs B's complaint about Ageas Insurance Limited and directing them to put things right as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 9 October 2024.

Joanne Ward
Ombudsman