

The complaint

Mrs K and Mr S complain that Aviva Insurance Limited have offered a cash settlement that doesn't cover all the work needed following an escape of water at their home.

What happened

Mrs K and Mr N held a buildings insurance policy with Aviva for their home.

In February 2023 Mr S noticed some dripping in the kitchen. He called his home emergency provider and they located a leak from a cold water feed under the floorboards in the bedroom above the kitchen. The leak was repaired, and Mrs K and Mr S made a claim under their buildings policy for the damage to the kitchen ceiling and walls and also to the bedroom above as damp had wicked up the plaster.

Aviva offered a cash settlement or use of their contractors and Mrs K and Mr S opted to use Aviva's contractors.

When the contractors attended the site, they said that not all the damage was incident related, and so they offered a cash settlement for what they considered to be the claim related damage only.

Mrs K and Mr S were unhappy with this as they said that the damage was all claim related, and the cash settlement offered wouldn't cover the costs of getting their own contractors, so they brought their complaint to us.

One of our investigators has looked into Mrs K and Mr S's complaint and she thought that Aviva had acted fairly in only covering some of the work but thought that the settlement should reflect the amount that Mrs K and Mr S would have to pay a contractor, not what it would cost Aviva to do the work themselves, so she said that updated quotes should be obtained based on Aviva's scope of work.

Aviva disagreed with our investigator's view, and so the case came to me to review.

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

In this case I have to consider whether Aviva have decided the claim in line with the terms and conditions of the policy and come to a fair and reasonable decision in doing so.

Having considered all of the evidence carefully, I am proposing to uphold Mrs K and Mr S's complaint along the same lines as the investigator, but with slightly different redress. Because of that, this decision will be provisional, and I'll give both sides a chance to comment before I make a final decision

What damage is covered?

Mrs K and Mr S have said that the damage is more extensive than the scope of works prepared by Aviva. In particular, he says that cracks in other parts of the room are due to the

leak, and cracking round the window is the result of the wooden lintel above the window expanding and contracting due to the water from the leak.

I can see from the photos provided by Mr S that there is a wooden lintel above the window but I haven't seen any expert evidence which suggests that this lintel has been affected by the escape of water. Neither have I seen any evidence to suggest that cracking on the other walls is as a result of the escape of water. I've considered Aviva's scope of work, and I'm satisfied that based on the photographs taken by the surveyor, it covers the relevant damage to the kitchen and bedroom which have been caused by the escape of water. I'm not satisfied that cracking on other walls is connected.

Is the cash settlement fair?

Mrs K and Mr S were offered a cash settlement or use of Aviva's contractors, and they chose Aviva's contractors because they have a baby in the house and Mr S is disabled. Mr S said this was the best option for them as he was unable to run around getting the work done.

However, following a visit by the contractors, Aviva said that there was pre-existing damage indicated by cracks in the walls in other areas, which weren't due to the leaks, and so they weren't able to guarantee repairs and were only offering a cash settlement. They offered £2763.31 plus VAT to cover this, as that represented the cost to them using their own contractors.

Mr S appointed a local loss assessor who contacted Aviva and said they would undertake a scope but estimated the damage would be around £10,000 to return to pre loss condition. They also prepared a scope of works, which costed the repairs at £13,186.10 plus VAT.

Aviva reiterated that they would only cover up to the limit of their liability, which was the cost to themselves, and they commented that the room dimensions on the scope were incorrect.

The terms of the policy do give Aviva full discretion in the settlement of any claim. However, we would only consider it fair for them to restrict their cash settlement to their own costs if Mrs K and Mr S had refused to use Aviva's contractors and requested a cash settlement.

It is clear here that Mrs K and Mr S would have preferred to use Aviva's contractors, but Aviva refused. I think this places Mrs K and Mr S at a disadvantage, as they would be unable to secure contractors at the same preferential rates as Aviva can, and the cash settlement offered is unlikely to cover the full cost of repair and reinstatement.

So, in that situation I consider it is fair for Aviva to pay the actual cost to Mrs K and Mr S of getting the repairs done. This will mean Mrs K and Mr S will have to get updated quotes for the completion of work.

So, I've gone on to consider what any should be included in this quote. We currently have the scope prepared by Aviva and one from Mr S's loss adjuster. On comparing these they both largely cover repair and reinstatement of the same areas, but Mr S's loss adjuster has quoted for a larger area of walls to be replastered. As I said above, I don't consider the cracking on other walls is evidenced as related, and so I think it's fair to base the quotes on the scope prepared by Aviva,

I do note, however, that there are two additional items from Mrs K and Mr S's loss adjusters quotes that I consider should be included.

Firstly, the loss adjusters have included a sum for contents removal and in particular removal and reinstatement of the fitted wardrobe in the bedroom to facilitate repairs. Mr S has

advised Aviva of his disabilities, and so I'm satisfied that it's not fair to expect him to undertake this work himself, and if it is required, I think this should be included in any quotes.

In addition, I can see that Mr S has also advised that he has had to get a dehumidifier in to dry out his son's bedroom. I think it is fair for Aviva to meet this cost, and any additional electricity used as a result, upon receipt of an invoice, and electricity bills showing any extra usage. If no bills are available, Aviva should calculate the costs based on average usage data.

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 parties have responded to my decision. Aviva made an increased settlement offer of £4897.84 based on uplift of their scope. I put this offer to Mrs K and Mr S but they rejected it, saying that they would still be happy for Aviva to complete all the works or provide a cash settlement for the works.

Aviva asked that in the event that this offer was rejected, they could undertake a further site visit with Mrs K and Mr S's loss assessor to better understand the material and labour costs and reassess the damages included.

I don't think at this stage it is necessary - if Aviva had wanted to do a further visit, they have had 18 months in which this could have taken place. Aviva's scope is clear about what works they consider is incident related, and what is necessary to return the property to pre loss condition and I have given reasoning above as to why I think this is a fair assessment. All that remains is for Mrs K and Mr S to obtain updated quotes based on that scope plus the additional amount for the removal and reinstatement of the contents and the fitted wardrobe.

Aviva have also contested the dehumidifier costs as they say their contractor didn't deem it necessary. It's now too late to assess this retrospectively, but if a dehumidifier was hired and used, it would suggest that Mrs K and Mr S discovered it was necessary, and so if these costs can be evidence as above, I think they should be paid.

And so for the above reasons, I am making my final decision in line with my provisional findings.

Putting things right

In order to put things right I think that Aviva should:

- Provide a cash settlement equivalent to the least of three up to date quotes provided by Mrs K and Mr S. The quotes should be based on the scope of works provided by Aviva, but also include any amount for removal and reinstatement of contents and the fitted wardrobe.
- Reimburse Mrs K and Mr S for any costs incurred in the hire of a dehumidifier, and any additional electricity costs for the period of hire.
- Pay Mrs K and Mr S 8% simple interest on any of the above dehumidifier costs from the date they were incurred to the date of settlement.

My final decision

My decision is that I'm upholding Mrs K and Mr S's complaint about Aviva Insurance Limited and directing them to put things right as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K and Mr S to accept or reject my decision before 27 November 2024.

Joanne Ward
Ombudsman