

## **The complaint**

Mrs P complains about the way Ageas Insurance Limited handled a claim she made on her commercial property insurance policy.

## **What happened**

In December 2022 Mrs P made a claim following an escape of water at a property she owned and rented out. In order to assess the claim, Ageas asked Mrs P to provide some photographs of the damage. It chased this information in January 2023 but didn't hear back from Mrs P and so in February 2023, it closed the claim.

At the end of June 2023, Mrs P contacted Ageas about the claim and provided photos of the damage. She also provided some estimates of repairs needed, which were dated January 2023. She explained the delay in providing these had been down to some personal circumstances. Ageas asked for some more information, including from Mrs P's plumber showing the cause of the leak, which was provided at the start of September 2023.

Ageas carried out further enquiries, including asking about the property's occupancy in December 2022. Whilst it was satisfied no unoccupancy clause had been breached, in November 2023, Ageas declined the claim. It said Mrs P hadn't mitigated her loss. It said photos provided taken in June and September 2023 show the damage had gotten worse, so it wouldn't agree to cover any of it. It said Mrs P had breached a policy condition that she must take reasonable steps to protect the property from further damage.

Mrs P complained to Ageas and set out her personal circumstances. She also said she did take steps to dry the property by installing heaters for a few days. Ageas didn't agree to change its position and so Mrs P brought her complaint to the Financial Ombudsman Service for an independent review.

Our Investigator didn't think it was reasonable to say Mrs P hadn't mitigated her losses. She thought Mrs P had installed heaters for two days, and she wasn't to know how long drying would be needed for. She thought Ageas had acted unfairly in saying Mrs P hadn't taken any steps to mitigate the damage. She recommended Ageas accept the claim and cover the resultant damage from the insured event. She also thought Ageas' actions had caused Mrs P unnecessary distress and inconvenience, so it should pay £300 compensation to recognise this.

Mrs P said she'd now had the reinstatement works done, and the price of that increased since the original quotes (which she'd received in January 2023). So she was concerned about how Ageas would resolve matters.

Ageas didn't agree it should be covering 'resultant damage from the insured event' in line with the Investigator's view. It said it didn't know Mrs P had now had the reinstatement works done. It said it would be willing to compare the original quotes obtained by Mrs P in January 2023 with the invoices for the work she had carried out later, in order to determine its liability on the claim. It said it couldn't accept a view to cover all resultant damage without reasonably determining its liability.

Our Investigator said Ageas' comments hadn't altered her opinion, so the matter has been referred for an Ombudsman's decision.

In October 2024 I issued a provisional decision on this complaint. A copy of my findings is below:

*I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*Ageas accepts that Mrs P has a valid claim under the policy. And, having received our Investigator's view, it seems to accept that it will cover damage caused by the insured event. I think this means it accepts it unfairly declined it in full, so I haven't set out my findings on that. But it says it isn't willing to cover all the damage, as it considers some of it is only as a result of the property being left (and no contact with it from Mrs P) for around six months.*

*Ageas says it is willing to compare the photos of June and September 2023, and quotes Mrs P provided from January 2023, with the works that she's now had carried out, to determine its liability on the claim. I consider this is a reasonable way forward to resolve this complaint, and so I'm setting out my reasons for this in this provisional decision, so that both parties have a chance to respond.*

*I understand Mrs P's reasons for not contacting Ageas, she said she was caring for a very ill relative. And I accept her position that she did carry out some mitigation works, such as ensuring the leak had been stopped and attempting to dry the property. However, I don't think that means that Ageas should pay for all of the reinstatement of the property, if it can show that by delaying the claim by around six months, that further damage has occurred which otherwise wouldn't have done. In other words, damage which Ageas would never have had to cover the cost of fixing. Whilst I don't doubt it was a very difficult time for Mrs P, that doesn't mean it's reasonable for Ageas to have a more costly repair bill due to a delay outside of its control.*

*I understand Mrs P has now had the works completed. So to resolve this complaint I intend to decide that Mrs P should provide Ageas with the invoices for the works completed. Ageas will need to use those invoices, alongside photos of the damage and the January 2023 estimates, to work out how much of the damage was related to the original escape of water, and what portion of, or costs detailed within the invoice relates to that. It must then settle in line with that. In doing so, it must settle at the rates Mrs P paid, since I consider it unfairly declined the claim in full. But it doesn't have to pay for any repairs it can show were needed as a result of the property being left for six months.*

*Mrs P says the damage is all the same, she says the walls where mould grew would still have needed to be repaired due to the claim related damage in any event. However, I think it makes sense, on the face of it, for Ageas to say that by delaying reinstatement works, its possible further damage has occurred, which could make the repair more expensive. And I don't currently consider it is reasonable to ask Ageas to pay an increased claim cost as a result of the delay in the claim being considered.*

*Mrs P also says by the time she had the works done; the costs had increased. In circumstances where we consider a business has delayed settlement of a claim, this Service might find it fair and reasonable for that business to pay those increased costs. However, I'm currently satisfied that Ageas didn't cause any delays between December 2022 and June 2023, as the claim was closed due to no contact from Mrs P.*

*I also don't think it caused any unreasonable delay in handling the claim between June 2023 and November 2023, when the claim was declined. I consider Ageas asked for supporting*

*evidence promptly and it did initially have some concerns over the occupancy of the property at the date of the loss, which I think it was also reasonable in investigating.*

*So, I don't intend to decide it would be reasonable for Ageas to pay any increased rates as a result of prices increasing between January 2023 (when Mrs P got her initial quote) and November 2023, when Ageas gave its claim outcome. I intend to decide it is reasonable for it to settle in line with the estimates Mrs P received in January 2023.*

*However, I think Ageas' claim decision, to decline all of the damage, was an unfair one. So I'm minded to decide that Ageas should add 8% simple interest onto any claim pay-out for the insured damage from the date Mrs P paid for the works to be done, until the date of settlement. This is to compensate her for being without those funds when I consider Ageas should have made a contribution, at least, to her claim in November 2023.*

*I consider Ageas unfairly declining the claim in full will have caused Mrs P unnecessary distress and inconvenience. And I'm satisfied that, bearing in mind her circumstances in 2023, this will likely have had a greater impact on her. So I still intend to decide Ageas should pay £300 compensation to recognise the inconvenience caused in unfairly declining the claim.*

#### Responses to my provisional decision

Ageas responded to say it accepted the provisional decision and it would settle the claim for the original insured damaged, pay an additional 8% interest from when Mrs P completed those works until the date of settlement, and it would pay £300 compensation.

Mrs P didn't provide a response to my provisional decision.

#### **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.

Neither party has provided any more information or comments for me to consider. As such, I see no reason to depart from the findings reached in my provisional decision and so my provisional findings are now those of this, my final decision.

#### **Putting things right**

To resolve the complaint, I direct Ageas Insurance Limited to:

- Make Mrs P an offer to settle her escape of water claim. In doing so, it can exclude from the actual repair costs incurred any works which were only needed as a result of the property being left unrepaired for six months.
- Settle the claim at the cost to Mrs P (rather than its own contractor rates). But it will only need to pay what Mrs P would have paid, had repairs gone ahead in January 2023.
- Pay 8% simple interest onto the amount it pays to settle the claim, from the date Mrs P completed the works, until the date of settlement.
- Pay Mrs P £300 compensation for distress and inconvenience caused.

**My final decision**

My final decision is that I uphold this complaint and I direct Ageas Insurance Limited to settle the claim in line with the 'putting things right' section.

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

Michelle Henderson  
**Ombudsman**