

The complaint

Mr and Mrs W complain Aviva Insurance Limited handled their subsidence claim, made against a residential property owners insurance policy, poorly.

Aviva's been represented by agents for the claim at points. For simplicity I've generally referred to the representative's actions as being Aviva's own.

Mr and Mrs W are both complainants, but as Mr W has been the main correspondent, and for ease of reading, I've generally only referred to him below.

What happened

In 2021 Mr W discovered cracks to a property he owns and rented to tenants. He made a claim against his Aviva residential property owners policy. After some back and forth it accepted a subsidence claim. Mr W was unhappy with how the claim had progressed. He raised a complaint. In September 2022 Aviva issued a complaint final response.

In March 2024 Mr W raised a further complaint. He was still frustrated at Aviva's handling of the claim. He was unhappy with repeated delays and poor communications. He requested Aviva cover financial loss he considered to be caused by its claims handling. He referred to £50,000 reduction in the property's value and £1,000 compensation for his tenants. He asked Aviva to pay him £10,00 compensation and commit to completing all necessary works by July 2024.

Aviva issued a complaint response in May 2024. It accepted responsibility for slight delays, in organising drainage repairs and tree works. But it concluded that hadn't made a material difference to the claim timescale due to a need for movement monitoring. Aviva accepted Mr W had been caused inconvenience by having to chase it for information. It offered £400 compensation, but nothing towards the financial loss referred to by Mr W.

That didn't satisfy Mr W, so he referred his complaint to the Financial Ombudsman Service. He said Aviva had failed to respond to many of his complaint points, had offered unsatisfactory compensation and hadn't covered his financial losses. He felt Aviva's claims handling had caused significant distress, with a negative impact on Mrs W's health.

Our Investigator didn't consider events before, or those addressed in, the September 2022 complaint response. She considered, as Mr W had referred his complaint here more than six months after that date, our rules barred her from doing so. She did consider, under this complaint, events and complaint points from between the two final responses of September 2022 and May 2024. Further complaint points raised after that latter date were considered by Aviva, and her, under a separate complaint.

The Investigator didn't recommend Aviva cover the cost of compensation for the tenants or any financial loss linked to the value of the property. She did find Aviva to be responsible for some avoidable delay and unnecessary inconvenience for Mr W. Overall she felt its offer of £400 compensation to be reasonable in the circumstances.

Mr W didn't accept that outcome. He considers £400 a paltry offer for a claim that's dominated his and Mr W's life, preventing them from selling the property and making significant changes to their life.

For the same reasons, for this complaint I've considered the same complaint points and time as the Investigator. Mr W's asked that events prior to September 2022 be taken into account. He considers the cumulative impact of Aviva's claim handling should be considered. I can't return to matters addressed in that earlier complaint, as it wasn't referred here in time. However, I'm aware, from his correspondence, of his concerns about that period of the claim.

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.

As this is an informal service I'm not going to respond here to every point or piece of evidence Mr W and Aviva have provided. Instead, I've focused on those I consider to be key or central to the issue. But I would like to reassure both that I have considered everything submitted.

financial loss

Mr W intended, before becoming aware of the subsidence, to sell the property. He feels Aviva's caused avoidable delay to the claim resolution and consequently he will receive a lower sale price.

There are a range of factors that influence the sale price of a property, including the strength of the market at any time, local demand for a particular type of property and the individual circumstances of the seller. It's also possible a history of subsidence, something Aviva isn't responsible for, might have an effect. The point I wish to make is that separating out the influence of any poor claims handling, by Aviva, would be an extremely difficult task. In addition, as Mr W hasn't sold the property yet any loss would be purely theoretical at this point. For these reasons, even if I accepted Aviva was responsible for significant delay, I wouldn't require it to pay Mr W anything for his suggested loss.

Neither am I going to require Aviva to reimburse the £1,000 compensation Mr W paid his tenants. He's said this was paid as the tenants were frustrated by Aviva's administration of the claim - including experiencing unarranged site visits and anger of neighbours disgruntled by Aviva's actions.

The policy covers various tenant related costs, but these are payable when the property is unfit to live in. As far as I'm aware it wasn't in such a condition. So I can't say any payment was due under the insurance policy. Neither am I going to require Aviva to cover the compensation outside of the terms. It was Mr W's choice, as a landlord, to compensate for the events he's highlighted. Whilst they were unfortunate and inconvenient I don't consider them as so significant or disruptive that Mr W had no choice but to provide a rent rebate, or equivalent, in compensation. So I don't feel it would be fair to require Aviva to reimburse him.

compensation

Mr W asked that Aviva pay £10,000 compensation, rather than the £400 offered, to recognise the impact of Aviva's claims handling on him and Mrs W. His main concern has been avoidable delay and poor communications he considers Aviva responsible for.

In summary Mr W feels that if subsidence mitigation actions, drain and tree works, had completed earlier the claim would have resolved significantly sooner. Aviva accepts some slight delay in organising those works. But it doesn't accept it made a difference to the progress of the claim overall. There was always an ongoing need for movement monitoring it argues.

I'm not going to analysis each step of the claim during the period covered by this complaint. Instead, I'm going to look at the bigger picture. It seems likely to me that Aviva could have been more proactive in arranging those works. I accept it's possible, had they concluded earlier, monitoring would have demonstrated stability earlier, allowing the claim to move to repair stage significantly earlier. But ultimately, I can only say it's possible, there's not enough for me to say it's most likely what would have happened. The claim stages I'm considering here progressed in reasonable time as far as I've seen.

So I haven't, when considering compensation, as requested by Mr W, held Aviva responsible for a lengthy delay to progress of the claim. Instead, it was responsible for some delay in progressing certain necessary steps of the claim, alongside ineffective communications.

There's a certain level of distress and inconvenience, across a lengthy period, that's unfortunately common, perhaps inherent, with this type of claim. I can only fairly require Aviva to compensate for any additional or avoidable distress or inconvenience it's responsible for. I accept it to be responsible for some, during the period covered by this complaint. But the main and substantial cause of Mr and Mrs W's frustration is most likely the existence of the subsidence itself and the unavoidable procedures involved in addressing it.

When considering fair compensation, I've taken into account Mr W's comments on the impact on him and Mrs W. This includes their health and their inability to move on with key life changes whilst the claim is ongoing. I accept this will have been very frustrating for them. But as I've said I don't find Aviva to be responsible for the bulk of that. With that in mind I'm satisfied the compensation it offered is a fair amount to recognise the additional distress and inconvenience it can be fairly held responsible for.

My final decision

For the reasons given above, I don't require Aviva Insurance Limited to pay any financial loss, but it will need to pay Mr and Mrs W £400 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W and Mr W to accept or reject my decision before 8 April 2025.

Daniel Martin
Ombudsman