

The complaint

1. Mr W is complaining about the way Ageas Insurance Limited has handled a claim he made on his commercial property insurance policy.
2. Mr W has been largely represented by a loss assessor in the latter part of the claim. Also, Ageas has used a loss adjustor to handle the claim on its behalf. But, for ease of reference, I shall largely refer to anything the loss assessor or loss adjustor said or did as being done by Mr W and Ageas respectfully.

What happened

3. The facts of the complaint are well known to all parties. But in summary, Mr W had two separate insured incidents which caused damage to his property which he partly rented out. He's unhappy with the way Ageas has handled his claim. This Service previously considered Ageas's handling of the claim up to July 2022 in a separate complaint.
4. However, Mr W has raised a further complaint about the way Ageas has handled his claim after July 2022, in particular raising the following:
 - Ageas has continued to cause significant delays;
 - It hasn't covered his loss of rent which has put him into severe financial difficulties;
 - His loss assessor has looked to settle the claim on a cash-in-lieu of repair basis, but
 - Ageas has delayed this settlement and also not included VAT on the settlement;
 - Further damage has been caused to his kitchen which he says Ageas hasn't covered; and
 - Ageas has caused him significant distress and inconvenience.
5. Ageas acknowledged it had caused unreasonable delays and paid Mr W a further £1,000 in compensation. It also said it was arranging settlement of the claim. However it said it wasn't liable for further loss of rent as it said Mr W had already received the maximum available under the terms of the policy.
6. I issued a provisional decision saying I thought Ageas had already made a fair settlement offer and I said the following:
7. I issued a provisional decision saying that I thought Ageas' loss adjustor had made a fair settlement offer and I said the following:
8. *"In May 2024 the loss adjustor, on Ageas's behalf, agreed to pay Mr W £27,694.14 in lost rent. This covered rental payments between August 2022 and up to July 2024 when the works were scheduled to be finished. It also allowed a 16.1% uplift to reflect the increased rental costs. It also agreed to pay a further £2,693.96 to reflect the additional credit card interest costs, council tax and utilities charges in order to bring this matter to a conclusion. This was in addition to the cash settlement agreed with Mr W's loss assessor to rectify the damage arising from the insured events."*

9. *I'm satisfied the loss of rent offered does cover Mr W's rent up to when his loss assessor said the claim would be finished.*
10. *I'm conscious the terms of the policy don't cover Mr W's council tax and utilities as I haven't seen anything to show the tenancy agreements would have required his tenant to cover this – i.e. it should be covered under loss of rent. But at the same time I have found Mr W persuasive in his testimony that the tenant would contribute towards the utility bills. It is also clear Mr W has incurred significant credit card bills due to all the delays Ageas has agreed it's caused. However, I think £2,693.96 is a fair contribution towards this.*
11. *Mr W has said the settlement agreement received doesn't cover the cost of replacing the kitchen. But the settlement agreement is based upon quotes provided from contractors his loss assessor obtained. And I can see they've confirmed they do include the cost of the kitchen. If Mr W believes the settlement quotes aren't a fair reflection of the rectification costs, he'll need to raise that with his loss assessor.*
12. *Mr W has also queried why Ageas didn't pay VAT as part of the cash settlement. It's standard practice where an insurer settles a claim on a cash basis – i.e. pays the policyholder (or their loss assessor) directly – that they won't pay VAT on the settlement until it's shown the policyholder will actually have to pay this. The reason for this is sometimes contractors won't be VAT registered, so may not pay VAT. Also, insurers also fairly won't pay VAT until they receive a VAT invoice. I've seen evidence Ageas said it would pay VAT on receipt of this invoice. I think that's fair.*
13. *It's clear Ageas has handled this claim poorly, and it will be aware of its requirements under ICOBs to settle claims promptly and fairly. Since July 2022, I can't see anything happened on the claim in any materiality until Mr W appointed a loss assessor. In addition to this, there were significant delays in Ageas and its loss adjustor responding to the loss assessor. As a result of this Mr W still had a damaged property. It's also clear this had a significant strain in his financial resources – not least due to not receiving rental income. However, Ageas has already paid a further £1,000 in compensation for the delays after July 2022. And that's in line with what I would have awarded."*
14. Mr W responded to accept my provisional decision. Ageas didn't reply.

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.

15. As neither has provided anything further for me to think about, I see no reason to reach a different conclusion to what I reached in my provisional decision. So I still think the loss adjustor's settlement offer to put things right is fair.

My final decision

16. For the reasons I've set out above, it's my final decision that I think Ageas Insurance Limited's loss adjustor's settlement offer to put things right is fair. And I don't require it to pay anything further over and above this.
17. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 31 December 2024.

Guy Mitchell

Ombudsman