

The complaint

Mr and Mrs L have complained about their let property insurer Ageas Insurance Limited. They believe Ageas caused the situation in which their property was damaged by water leaks and that its handling of the resultant claim they made was poor.

Ageas is the underwriter for the policy. The policy is branded in the name of a retail insurer.

What happened

Mr and Mrs L own a property which they let to tenants. A tenancy ended on 4 October 2022 and the property became unoccupied. Having spoken to the retail insurer Mr and Mrs L were aware of policy requirements that applied to an unoccupied property, one of which was to switch off all of the services to the home (apart from electric if there is an intruder alarm). Mr and Mrs L acted to comply with the requirements.

In December 2022 Mr and Mrs L noted the property had ice on the outside of the windows. On 24 December 2022, Mr L visited the property. He switched on the services and the heating. Water began coming through the ceilings. Mr L switched everything off and notified the retail insurer. Ageas was contacted on 28 December 2022. Ageas said Mr and Mrs L should fix the leak, a loss adjuster would be appointed in the new year and the adjuster might be able to appoint suppliers to reinstate the water damage.

A loss adjuster attended the property in early January. He recorded that Mr and Mrs L were looking to provide reinstatement costs. Mr and Mrs L then had some issues with their plumber and Ageas eventually assisted with leak detection, with it also offering to appoint suppliers for reinstatement work.

Ageas appointed reinstatement contractors in July 2023. Work was expected to finish in October 2023. It was December before the contractor reported that work was complete. Mr and Mrs L reported issues with the work – they did not view it as complete. Ageas' loss adjuster visited the property in February 2024 and agreed there was unsatisfactory work. It was agreed for Mr and Mrs L to appoint their own contractor to resolve the issues. They later reported work was completed in April 2024 and the property re-let in June 2024.

Mr and Mrs L were unhappy with Ageas. They felt it had prevented them from protecting their property by insisting services were switched off. So they felt the loss was Ageas' fault – that everything which followed, including their losing rental income throughout 2023, was Ageas' fault. Mr and Mrs L also felt Ageas should have offered its contractors earlier. They felt that, if it had, the claim could have progressed swiftly in early 2023, meaning it would have successfully resolved before the policy's renewal was due in early 2024. They noted that at renewal in 2024 their premium cost spiked. Mr and Mrs L were also unhappy about the repairs Ageas' contractor completed, including that they took so long.

Ageas said it didn't think it had caused any delays in the claim. It said there had been some minor communication issues and it acknowledged some snagging issues had arisen with the

work it had completed. It felt snagging issues were a normal part of having work done, but apologised for the poor communication.

Mr and Mrs L were unhappy, they didn't think it was a 'normal snagging issue' to have screws protruding through the vinyl floor finish. They felt Ageas was responsible for monthly rent, council tax and utility costs throughout 2023 until they re-let the property in 2024. They also felt it was responsible for what they viewed as the unfair premium increase at renewal. Mr and Mrs L complained to the Financial Ombudsman Service.

Our Investigator wasn't persuaded Ageas was liable for the leak having occurred. She also felt Ageas had given reasonable detail about what was required during the call on 28 December 2023, with Mr and Mrs L then arranging for a contractor to quote for reinstatement work before the loss adjuster could attend in January 2024. She did feel that after Ageas appointed its contractors in July 2023 there had been some delays and notably work did not complete as expected. She felt Ageas should have some liability for losses Mr and Mrs L had incurred as a result. She said it should pay them five months lost rent, council tax and utility costs (standing charges) incurred between the end of October 2023 and March 2024, plus interest applied from 30 March 2024. But she didn't think it had any additional liability for the policy premium (charged by a new insurer). She felt Ageas should also pay £300 compensation.

Ageas ultimately said it was agreeable to that outcome.

Mr and Mrs L initially challenged the content of the call on 28 December 2022. Our Investigator shared the call recording with them. Having heard the call Mr and Mrs L said they felt the advisor should have told them about Ageas' contractors which could be appointed. They said Ageas had broken its contract with them by failing to provide appropriate support. Mr and Mrs L said it was unfair that Ageas must have known about the risk presented to the property by freezing temperatures, yet it had prevented them from protecting it by having the heating on. They said Ageas' approach to what it insisted was merely snagging was complacent and unreasonable.

The complaint was referred for an Ombudsman's decision. In the meantime Mrs and Mrs L asked for more time within which to provide further comment for the Ombudsman's consideration, our Investigator said that wasn't something she could agree to.

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.

Having done so I've decided to move ahead with my decision without allowing further time for Mr and Mrs L to offer further comment. They have had ample time to consider key evidence, such as the phone call recording, and they have provided substantial replies. I'm satisfied I have enough evidence with which to reach a fair and reasonable outcome on their complaint – holding matters at this time, would not be fair to either party.

I've found, having considered everything, that I agree with the view put forward by our Investigator. I note Ageas ultimately accepted her proposed outcome and, as far as her proposals for redress went, Mr and Mrs L did not disagree with them. So I'll cover those details off briefly below but won't much dwell on them. Mr and Mrs L though didn't think those remedies went far enough. They were particularly unhappy about the leaks occurring

at all and Ageas not initially offering contractors to assist them. So my main focus in this decision will fall on those issues which remain in dispute.

Premium

The policy, at renewal in 2024, was moved to another insurer. So the increased premium was not charged by Ageas. If Mr and Mrs L are unhappy with the premium charged they should complain to the insurer which charged it. That charge may well have been informed by the leaks which occurred and the resultant claim. I've explained below why I don't think Ageas was responsible for the leaks or the claim not resolving until 2024. So if the renewing insurer charged more because the property had suffered leaks and/or because there was an on-going claim, that is not Ageas' fault.

Loss of rent, council tax, utility charges

Following the recommendation of our Investigator, Ageas has agreed to pay for lost rental income along with council tax and utility costs incurred, between November 2023 and March 2024 inclusive. From what I've seen, I think completion of the repair work was delayed during this period. I'm satisfied there were snagging issues which needed resolving which included a poorly finished floor – that floor should not have been left in that state by Ageas' contractor. I accept Mr and Mrs L lost faith in that contractor and I'm pleased Ageas agreed to let them have the works finished by their own contractor. I think that was a reasonable resolution in the circumstances.

I understand that there were some delays caused by Mr and Mrs L's contractor completing the re-work. And then there was a necessary period for re-letting. I understand that the new tenancy began in June 2024. Taking everything into account, I'm satisfied that requiring Ageas to cover costs lost and incurred between November 2023 and March 2024 is fair and reasonable. In my view making it pay over that period creates a fair balance of costs between those caused by its failures and those which arose on account of others or which would always have been incurred (such as the pause for re-letting).

When Ageas pays these sums I think interest should be added. I'm going to require it to apply interest from 30 March 2024. I think if Ageas had handled this reasonably, it could have reimbursed the losses and costs at that time.

Compensation

I do think £300 compensation is fairly and reasonably due. Ageas admits there was poor communication and the period for works to complete overran. It was also necessary for Ageas to have a loss adjuster attend the property to assess the work. Many of the things the loss adjuster found were what I would call snagging – but there was also the very poorly finished floor. There should not have been significant re-work left to do after the job was meant to have been completed. I appreciate all of that was distressing and inconvenient.

I'll award up to £300 where some inconvenience, even distress is caused beyond that which might normally be expected when dealing with a financial business. With the upset lasting over the course of many weeks. That is what happened here, so I'm satisfied Ageas should pay this sum.

I realise Mr and Mrs L are very upset at the leaks having occurred and I know they believe the claim should have concluded by July 2023. But, as I've said above and will explain below, I'm satisfied that neither the leaks nor the delay until July 2023 in Ageas taking on the work, were Ageas' fault.

Did Ageas cause the leaks?

I appreciate that Mr and Mrs L feel strongly about this. However, I'm not persuaded I can reasonably blame Ageas for the property having suffered leaks.

I understand that, when the property became unoccupied, Mr and Mrs L called the retail insurer. They were told that the policy required certain things when the property was unoccupied. The policy document notes (my emphasis):

"If the building or any part thereof is left Unoccupied for 30 days or more

1) the Buildings must be inspected every 14 days by a professional managing agent and a detailed record must be maintained for Our inspection on request showing the dates visited, who attended and observations made

2) *all services to the Buildings or the untenanted part of the Buildings are to be turned off at the mains except electricity where needed to maintain a security system*

3) all letter boxes and other openings must be securely sealed

4) the premises must be adequately secured against unauthorised access at all times."

I know Mr and Mrs L acted to comply with this. I know they switched off the gas which meant the heating could not be used. I note they said they didn't know how to do this, so asked to forego that term but they say they were told this wasn't possible. I haven't seen that they challenged the term on the basis the heating needed to be kept on and, in October and November, I could see that needing to have the heating on in an empty house might not have been foremost in their mind. I also bear in mind that Mr and Mrs L were only seeking to comply with what Ageas required, with Ageas being the insurance expert. So I understand why, certainly initially, Mr and Mrs L did not question the heating issue further.

However, I'm mindful that whilst Ageas did not know the property continued to remain empty into the colder winter months, Mr and Mrs L knew that. I'm also satisfied they, as homeowners, also living in the area of the let property, should have recognised the need to have heating on to protect their property. Ageas wasn't in a position to foresee that temperatures would get as low as they did and nor was it able to monitor the situation. But Mr and Mrs L were in a position to monitor things. I think as the situation developed, they could have called Ageas to see what needed to be done given the property remained unoccupied with winter progressing.

To be clear, I don't blame Mr and Mrs L for following the policy conditions laid out to them. However, nor can I reasonably blame Ageas for their property having been left without heating in December 2023, which may have resulted in the leaks occurring.

Did Ageas give poor advice on 28 December 2022?

Mr and Mrs L had a long discussion with Ageas' advisor on 28 December 2022. I've listened to the call.

I note Mr and Mrs L have said they had no idea about 'track and trace' in terms of the leak – they had no idea who to appoint and had to rely on advice from their letting agent. However, whilst the policy will cover the cost of tracing and accessing a leak – completing that work is something the policyholder would do. And the cost of repairing the leak itself is not covered by the policy. In any event, I note that the advisor did explain to Mr and Mrs L that they should be looking for a leak detection company rather than a standard plumber. And, to find someone suitable, that they might wish to look on consumer trader websites or speak to their letting agent. Ageas did, later on in the claim, appoint a company to trace further leaks which Mr and Mrs L's plumber had not found. I think it was reasonable of it to step in and assist at that time. I'm satisfied it was not breaching the cover in anyway by not offering to trace and access the leak in the first instance.

I think it's fair to say that, at times during the call, Mr and Mrs L struggled to understand that there was some work they needed to do (to fix the leak) but after that, Ageas could become involved. The difference being finding and repairing the leak itself – which Mr and Mrs L needed to do – and then reinstating any damage caused to access the leak site along with any water damage – where Ageas could step in. But, by the end of the call, I think some clarity on this was achieved and the advisor clearly said 'no' – Mr and Mrs L did not need to get reinstatement quotes at that time. And Mrs L replied confirming she'd been thinking they had to get someone to do the 'whole thing' but now realised that they stop the leak first and then go from there. And the advisor confirmed that, once the leak was repaired, the loss adjuster might be able to appoint a contractor.

I know Mr and Mrs L have said that the names of the companies later involved were not shared with them at this time. I accept that the advisor did not go into detail about which companies might be appointed. But I don't think that was necessary at that stage. The important thing, at that time, which the advisor was clear about, was that the leak needed to be stopped. I'm satisfied that the Ageas advisor was clear with Mr and Mrs L about what they needed to do and what Ageas could then do.

After the call

That call was on 28 December 2022. Mr and Mrs L then spoke to their letting agent to get some advice about stopping the leak. On 3 January 2023 though, Mr and Mrs L told Ageas they had found a contractor to not only stop the leak but to quote for reinstatement work. The loss adjuster attended the property on 11 January 2023. I don't know what conversation occurred about the work moving forwards – but I'm satisfied that conversation, from the loss adjuster's side, would have been informed by the fact the policyholders had already moved ahead with obtaining quotes. So I can see that, from the loss adjuster's perspective, there would have been no need for him to offer the use of Ageas' contractors.

As I mentioned above – when Mr and Mrs L told Ageas they were struggling to get the leaks repaired, with their plumber having only found one leak – Ageas offered assistance. Ageas said it could appoint a contractor to find the leaks. It did that, with Mr and Mrs L then paying for the leak repair.

Mr and Mrs L were still waiting on the quote for reinstatement though, but they told Ageas they were looking to another contractor to provide that. I'm satisfied that nothing they said to Ageas at that time should have put it on notice that more assistance from it, in respect of the reinstatement work, was required. However, in July 2023 Mr and Mrs L said that their enquiries with the new contractor had stalled and they asked Ageas for advice. At that point they were told Ageas could appoint contractors. It did so and the claim moved on from there. I realise that if Ageas had appointed contractors in January rather than July, the claim would have moved on more quickly. However, I'm satisfied that Ageas responded reasonably to the claim given the situation in front of it.

Summary

Ageas did fail Mr and Mrs L in handling this claim. I've explained those failures briefly above, and below I've bulleted what is needed to put things right. But I've also explained above that I'm satisfied that Ageas did not fail Mr and Mrs L in all of the ways they believe it failed them. I trust the detail I've provided in these respects helps Mr and Mrs L understand my position on these aspects of their complaint.

Putting things right

I require Ageas to:

- Pay Mr and Mrs L five months lost rent, November 2023 to March 2024 inclusive.
- Reimburse them five months of council tax costs and utility standing charges, incurred November 2023 to March 2024 inclusive.
- To the above settlement sums, apply interest* on each from 30 March 2024 until settlement is made.
- Pay £300 compensation.

*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require Ageas to take off tax from this interest. If asked, it must give Mr and Mrs L a certificate showing how much tax it's taken off.

My final decision

I uphold this complaint. I require Ageas Insurance Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L and Mr L to accept or reject my decision before 21 February 2025.

Fiona Robinson
Ombudsman