

The complaint

Mr G complains about Ageas Insurance Limited's handling of a claim he made under his home insurance policy after an escape of water.

What happened

The background to this complaint is well known to both parties, so I'll provide only a brief summary here, concentrating on the key issues.

Mr G has a home insurance policy underwritten by Ageas which covers his home and its contents, amongst other things.

He made a claim in November 2021 after an escape of water in his downstairs bathroom. Mr G tells us he relies heavily on the downstairs bathroom as he has a disability which means he often can't use the facilities upstairs in his home.

Ageas carried out an inspection and advised Mr G he had a problem with the drains taking wastewater out of the property. And the damage to the drains wasn't covered by his policy.

The local water company later carried out repairs to the public part of the drains. And Mr G was left to resolve issues with the part of the drains which was his responsibility. Ageas' surveyors had advised that the damage to these parts of the drains was due to poor design or workmanship and general wear and tear.

Ageas however agreed that the damage to Mr G's downstairs bathroom and the ground floor generally was covered - and they accepted Mr G's claim.

Ageas initially intended to put Mr G in alternative accommodation until the repairs were completed. However, it proved difficult to find suitable accommodation given Mr G's needs. Mr G also failed to find alternative accommodation himself.

He continued to live at home for a short period of time, relying on facilities in local pubs or supermarkets or travelling to relatives' homes.

When this proved unsustainable, he moved in with his parents. Mr G says he was promised temporary facilities at his home by Ageas, but they didn't actually provide them.

Mr G and Ageas agreed that Mr G would get quotes for the claim-related repair work. After the water company completed their work, Mr G – in late July 2022 - submitted quotes for the remaining repairs. Ageas accepted these, albeit some months later.

However, by that time, Mr G had appointed a loss assessor, and they had their own surveyor inspect the damage. In May 2023, they submitted renewed quotes for the repairs at around £59,000 and £64,000 (significantly more than the original estimate Mr G had provided).

After being provided with a breakdown of the costs, Ageas – in late September 2023 - approved one of the quotes and authorised the loss assessor to proceed with the repairs.

Mr G then advised Ageas that he wanted a cash settlement. Ageas offered around £41,000 to settle the claim. They explained to Mr G that they weren't going to provide a cash settlement for the repairs to the drains, at around £8,100, because those repairs weren't covered under the policy terms.

They'd also subtracted costs included in the original quote which were, at the time, contingent costs and weren't certain to be incurred. But they said they'd consider those costs if they were in fact incurred and invoices could be provided.

Mr G made a complaint to Ageas. This was primarily about delays in progressing the claim, poor service, and poor communication from Ageas and/or their agents.

Mr G was also unhappy about the drain repair costs not being included in the cash settlement offer. And he said Ageas hadn't made reasonable adjustments for his disability – and had failed to provide the promised temporary facilities at his home.

Ageas accepted that they – or their agents - were responsible for avoidable delays in the progress of the claim (primarily in 2022). And they acknowledged that these delays caused additional and unnecessary stress and anxiety for Mr G. They offered him £250 in compensation for his trouble and upset.

Mr G wasn't happy with this outcome and brought his complaint to us. Our investigator looked into it and partly upheld the complaint.

He said Ageas' offer of compensation was fair. And he thought Ageas were entitled to remove the drain repair costs from the cash settlement offer.

But he said Ageas should pay Mr G a disturbance allowance, at £10 per day, to cover extra costs Mr G had incurred in the period between the date of the first notification of loss (on 26 November 2022) and the date Ageas made their cash settlement offer to Mr G (on 25 September 2023).

Ageas disagreed and asked for a final decision from an ombudsman. They've said they'll pay £700 to Mr G as a disturbance allowance and would consider any additional costs Mr G had incurred above that amount if he could provide proof that he'd incurred those costs.

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.

Delays, poor communication and poor service

It was around 22 months between the claim being made and Ageas making a cash settlement offer to Mr G. On the face of it, that's a long time for a claim like this to be open, particularly bearing in mind Mr G's circumstances.

However, it was four months before the water company had completed their works. And there was an understanding that Mr G was then seeking quotes for the repair work – which he didn't finally provide (through his loss assessor) until May 2023 (18 months after the claim was first made).

Ageas have accepted that they – or their agents – contributed to these delays. And they've accepted that their customer service and communications were at times less than optimal.

However, I can't reasonably conclude that Ageas – or their agents – were responsible for all of the delays between November 2021 and May 2023. The water company had to complete their work before the other repairs could be carried out. And Mr G appears to have taken some considerable time to provide Ageas with quotes for the work.

This is entirely understandable given Mr G's circumstances. Mr G has also made us aware that his parents passed away during this period of time, and that meant he wasn't in a position to concentrate his efforts on the claim.

I'd like to say how sorry I was to hear about Mr G's parents. And, of course, I'm not surprised that his attention wasn't on pursuing quotes for the repairs at what must have been a terrible time for him.

I'm sure Mr G will also understand though, that I can't reasonably ask Ageas to accept responsibility for any delays that were entirely outside their control or to pay Mr G compensation for those delays.

Ageas have rightly accepted that they or their agents caused some delays – and that their service was poor at times. So, I don't need to go into detail about that. They're also aware that any avoidable delay in this case was adding unnecessarily to Mr G's stress and anxiety about the claim, about being away from his home, and about the uncertainty around the timing and cost of the repair work.

Mr G also at times had to chase Ageas or their agents for responses to his queries or requests for updates on progress, so Mr G did experience a degree of unnecessary inconvenience as a result of the poor service.

In that context, I'm satisfied on balance, that Ageas offer of £250 compensation for the additional trouble and upset Mr G was caused by their – or their agents' – errors, was fair and reasonable.

The cash settlement offer

Ageas were advised by their expert surveyors that the damage to the drains at Mr G's property was due to poor design and workmanship and/or wear and tear. The policy doesn't provide cover in those circumstances.

Mr G has said he'll be getting his own expert to assess the damage to the drains, because he doesn't agree with Ageas about the cause(s) of the damage.

Ageas have said they'll consider any further information or evidence Mr G might provide. That's perfectly fair in the circumstances. Ageas are entitled to rely on the advice of their expert unless and until they have other experts' views which are contradictory and/or more persuasive.

It wasn't unfair or unreasonable then for Ageas to say that Mr G should pay for the drain repairs himself, given the information and evidence they had at the time. And they have very reasonably said they'll re-consider *if* other evidence emerges.

Ageas' stance on the contingent costs in the estimate provided by Mr G is also fair and reasonable, in my view. If Mr G actually incurs those costs, Ageas will reimburse him, on receipt of proof of payment. That's in line with what we'd expect insurers to do in these circumstances.

I understand Ageas have also agreed to pay VAT on the repair costs, *if* that's paid by Mr G

and he can provide invoices or receipt to show that. Again, that's in line with what we'd expect them to do.

I believe Ageas have also advised the loss assessor that they believe some of the costs in the estimate are low – and that they'll increase the cash settlement if those costs are exceeded when the work is actually carried out. Again, that's more than reasonable.

Disturbance allowance

At the outset of the claim, Ageas intended to place Mr G in alternative accommodation, until the home was inhabitable again. The cost of that would have been considerable.

Mr G didn't go into alternative accommodation because neither Ageas nor Mr G himself could find suitable accommodation to meet Mr G's needs. It's difficult to blame Ageas for that, given that Mr G couldn't find suitable alternative accommodation himself.

I understand Ageas were advised that any temporary facilities provided at Mr G's home would have been impractical, given that the drain was damaged. Again, I can't blame Ageas for that.

In circumstances where a property becomes uninhabitable (as in this case), we'd expect an insurer to cover any additional costs the policyholder necessarily incurs as a result of moving out. If suitable alternative accommodation can be found nearby, there may be no such additional costs.

But where those costs *are* incurred, the usual industry practice is either to cover evidenced costs (on provision of receipts, invoices or travel tickets, for example) or, for greater convenience (or where it's difficult to evidence that costs have been incurred), to pay a daily disturbance allowance to cover those costs. At the relevant time, the industry-accepted disturbance allowance was at a minimum of around £10 per day per adult.

Mr G says that whilst he remained in his home, he had to travel to local pubs or supermarkets to use their facilities. Once he'd moved to his parents, where there was only one bathroom for three adults, he still had to travel on occasion to use other facilities.

Mr G will also have incurred additional costs at his parents' home – their utility bills will have increased, for example, whilst Mr G will have had to pay at least standing charges for utilities at his own home.

It's clear to me then, that Mr G has incurred additional costs as a result of being out of his own home. And in that case, it's not unreasonable to suggest that Ageas should pay the industry standard minimum disturbance allowance for an adult, at £10 per day, for the period after the escape of water up until the date of Ageas' cash settlement offer.

I am surprised Ageas didn't accept this when it was suggested by our investigator. They haven't really explained why they put a £700 limit on non-receipted additional costs. And the £10 per day is a relatively small amount when compared to the likely cost of the alternative accommodation Ageas initially said they'd provide.

Ageas said £10 per day would cover around 65 miles of travel costs for Mr G (possibly a slight exaggeration once costs other than petrol alone are taken into account) – which he clearly wasn't incurring. But that ignores the fact that Mr G incurred other costs too, not just the cost of travel.

They also seemed to suggest that the house was only uninhabitable because of the issue

with the drains – which wasn't damage they were covering. But that seems to contradict their earlier agreement to put Mr G into alternative accommodation. It also ignores the fact that the escape of water had in fact taken out of commission Mr G's downstairs bathroom, if not other essential facilities.

Given that it's unreasonable now to ask Mr G to provide receipts or invoices for all the extra costs he's incurred over the period between the claim being made and Ageas' cash settlement offer, I agree with our investigator that Ageas should fall back to the industry-accepted (at that time) minimum disturbance allowance at £10 per day per adult.

Putting things right

I've explained above why I think Ageas' cash settlement offer is fair.

I've also explained why I think their offer of £250 in compensation for Mr G's trouble and upset is fair. I'm assuming Ageas haven't made that payment to Mr G given that he didn't accept their response to his complaint. If I'm right in that assumption, Ageas will need to pay Mr G the £250 now.

For the reasons I've set out above, I'm also going to require Ageas to pay Mr G a disturbance allowance for the period between the date of the first notification of the claim and the date Ageas made their cash settlement offer. For the avoidance of any doubt, calculated at £10 per day, that would amount to £6,690.

My final decision

For the reasons set out above, I uphold Mr G's complaint in part.

Ageas Insurance Limited must:

- pay Mr G £6,690 to cover his additional expenses whilst out of his home between late November 2021 and late September 2023; and
- pay Mr G £250 in compensation for his trouble and upset.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 9 April 2025.

Neil Marshall
Ombudsman