

The complaint

Ms C complains about how Ageas Insurance Limited (“Ageas”) dealt with a claim she made on her home insurance policy following a flood in her home.

Ageas are the underwriters of this policy, i.e. the insurer. Part of this complaint concerns the actions of its agents. Since Ageas accept it is accountable for its agents, in my decision, any reference to Ageas includes its agents.

What happened

Ms C’s home was flooded after a storm in June 2020. Ms C reported the matter to her insurer and moved into alternative accommodation for the period the repairs were being completed. It took Ageas until the end of February 2021 to complete the repairs. And this is when Ms C was able to return home.

Soon after Ms C returned home the plaster began to fail with evidence of damp – paint peeling, cupboards full of mould. As a result of the damp Ms C has been suffering from chest infections. She reported this to Ageas who investigated and concluded there was no evidence the repairs it carried out were incorrect.

Ms C says there were no damp issues prior to the flood and Ageas don’t accept responsibility for the failure of the repairs – she says the damp proofing needs to be restored and the correct plaster needs to be applied. Because Ms C says Ageas has abandoned her, she complained.

Ageas responded to say following completion of the repairs it was notified of problems with damp and mould, so it investigated the issue. Ageas say as Ms C’s insurer it paid for the damaged plaster to be replaced by a similar one, which I’ll refer to as K. The plaster resists damp ingress and was likely to be the same one as she had before the flood. Ageas say the condensation problem is a result of poor ventilation, and the plaster used was the same as the previous one, so it didn’t do anything wrong. And the cost of correcting poor workmanship isn’t something covered by the terms of the policy.

Ms C didn’t agree with Ageas’ response so referred her complaint to this service. One of our investigators looked into things for her. He said when an insurer chooses to settle a claim by repair we expect it to indemnify the consumer by conducting an effective and lasting repair. He said based on the evidence he didn’t think that was the case here. So, the investigator recommended Ageas instruct an independent report and scope of works. He said repairs should then be completed to bring the property to the pre-loss condition. The investigator also directed Ageas to fill in the holes cut out of the plaster for testing. He further recommended Ageas pay £4,000 to Ms C for the trouble and inconvenience caused since February 2021.

Ageas didn’t agree. It said there was no evidence it hadn’t conducted a full and lasting repair. It said Ms C’s house had alterations over the years and so Ageas has no obligation to restore it to its original state, only to its pre-loss state. Ageas said it was unfair to imply the measure it had taken so far had been unreasonable. It disagreed with the level of payment

recommended for trouble and inconvenience. It said it had paid in full for the cost of repairs and such a figure would only apply if its decisions had caused the problem, as opposed to failing to do enough to mitigate it. Ageas said the replacement plaster was like for like and in theory it should have been adequate.

Because Ageas didn't agree the complaint has come to me to decide.

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'm upholding the complaint for broadly the same reasons as the investigator. I've focussed my comments on what I think is relevant. If I haven't commented on any specific point it's because I don't believe its affected what I think is the right outcome.

When thinking about what Ageas should do to put things right, any award or direction I make is intended to place Ms C back in the position she would have been in had it acted fairly in the first instance.

There is a lot of information about the claim Ms C made, and I've reviewed everything provided. The detail is well known to both Ms C and Ageas, so I haven't described the claim in any great detail here. I'll comment on any relevant evidence where appropriate to explain my decision. It is also not my intention to minimise the effect the claim has had on Ms C and her physical health. I recognise the impact the matter has had, and I empathise with the difficulties Ms C has clearly faced.

There are two relevant and longstanding principles to consider here. The first is that the aim of the policy is to indemnify the policyholder. An insurer can do this by putting the policyholder back in the position they were in immediately prior to the damage – for Ms C that means a mould free home. The second is the fair and reasonable expectation that any repair conducted should be lasting and effective. That means properly putting right the damage for a reasonable amount of time.

Ageas had a duty to act in Ms C's best interest to ensure she was properly indemnified for her loss. Given that the replacement plaster doesn't appear to have resulted in an effective and lasting repair, Ageas hasn't provided fair settlement for Ms C.

I agree with Ageas that its relevant to consider the cost of work and whether any resolution amounts to betterment. But I don't think these are the main factors when deciding what a fair and reasonable outcome is. If there's only one way to fulfil the key principles its likely I'd require Ageas to pay for it, even if it was expensive or betterment – as that's the only way to treat Ms C fairly.

Ageas say there was a range of expert opinion about whether K or lime plaster should be used. In this case Ageas say the contractor only did what the surveyor specified they should do, which was to reinstate the plaster on a like for like basis. I don't agree because Ageas was made aware of the conditions of Ms C's property at the outset of the claim. I would have expected Ageas to take reasonable steps to adequately resolve the matter for Ms C; as opposed to replacing the plaster like for like and it being adequate *"in theory"*.

In an email dated 30 May 2023 the surveyor explains he is checking with a colleague to see, *"if the works would have improved the insulation to such an extent that normal condensation, which would have been dispersed due to poor insulation, is now being retained inside the building. If that is the case, you may consider there is an obligation under the policy to assist."*

From what I've seen Ageas also accept the only way to resolve matters for Ms C is to replace the plaster. I have seen reference to this in the claim notes provided to me.

I think there is enough evidence to conclude that the works Ageas is responsible for, didn't result in an effective and lasting repair to the damage caused by the insured event. And I think Ageas needs to accept responsibility for this in its role as the insurer dealing with the repairs.

Ageas has placed a lot of emphasis on the limitation of its policy and its view that replacing the plaster with lime plaster would amount to 'betterment'. The simple fact is that we expect Ageas to conduct a lasting and effective repair of the insured damage. If the only way to do that is to replace the K with lime plaster, then that is the fair and reasonable thing to do in the circumstances of this case. To be clear, I would expect Ageas to take steps to resolve the condensation and mould issue and provide Ms C with an effective and lasting repair to her home.

The claim had been going on for a number of years and the need for replacement plaster had arisen from Ageas' repairs. In these circumstances the change has been particularly impactful on Ms C, but I'm not persuaded Ageas thought about that. It focused on the policy wording, and I think it placed more weight on the potential previous damp issues and betterment than the two key principles I set out above. I'm not satisfied this treated Ms C fairly and has clearly caused unavoidable delays, distress, and inconvenience.

Drying reports and surveyors comments

In response to our investigator's view Ageas provided a drying report from 202 that purports to indicate a pre-loss damp issue. Ageas say it's surveyors don't recommend a replacement lime plaster in settlement.

The report says, "*property is pre-1800s build and is subterranean, therefore there are aspects of pre-event damp issues which will be taken into account when issuing a drying cert.*" The report goes on to say, "*reinstatement contractors should be made aware that property suffers long-term damp ingress and should be reinstated with this in mind. Best process would be to remove plaster to 1m from floor, target dry brickwork and reinstate with moisture resistant render but this would not be a pre-event state and would be betterment.*"

Based on the above it's fair to say Ageas were aware of the nature of Ms C's property before the repairs were carried out. And as such, I would have expected it to take these into account when preparing a scope of works. It isn't enough to replace like for like and say Ms C has been reasonably indemnified.

As a result of Ageas repairs Ms C's home became so damp that mould appeared, and I'm satisfied that, on balance, it wasn't that way before the flood and before the repairs were carried out.

Distress and inconvenience

Ageas disagreed with the investigator's recommended level of payment for inconvenience. It said it had paid in full for the cost of repairs and such a figure for inconvenience would only apply if its actions had caused the problem, as opposed to failing to do enough to mitigate it. But I disagree.

Ms C's home was flooded in 2020. She moved back into her home the following February after the repairs were completed. She notified Ageas of the issues with mould in her home.

As explained above Ageas were aware of a possible solution to the problem but didn't move quickly to resolve them for Ms C.

I think Ms C has experienced unnecessary frustration and inconvenience because effective repairs weren't carried out and her concerns weren't adequately dealt with. Ms C says she experienced health issues living with the mould and condensation for all this time. And that she took steps to mitigate the issue by opening windows as advised but it made no difference and caused her more distress.

I've thought carefully about everything that's happened in this claim and complaint, and the impact of these issues to Ms C; in particular her health and vulnerability, and Ageas refusal to accept replacing the plaster as a possible solution sooner. I can see Ageas took steps to investigate the cause of the increasing damp and mould – and that is what I would have expected it to do. But I think it should have provided a solution sooner given the circumstances.

I do recognise Ageas' handling of this matter will have caused Ms C unnecessary distress and inconvenience. I've seen emails from Ms C's broker chasing updates on behalf of Ms C.

Ms C has provided consistent and compelling testimony about what happened and the impact of her claim on her health. I've found her evidence to be sincere and reliable.

The matter should have been better monitored by Ageas given Ms C is a vulnerable consumer. And it's arguable Ms C's circumstances should have put Ageas on notice from the first notification of loss call. I'm not persuaded Ageas has sufficiently considered Ms C's circumstances in its handling of this matter.

This service has general guidelines for making awards for distress and inconvenience. An award of over £1,500 and up to around £5,000 is appropriate where the actions cause sustained distress, potentially affecting someone's health, or severe disruption to daily life typically lasting more than a year. Having considered the above, I'm satisfied in the circumstances, £4,000 is reasonable to award.

Putting things right

In order to put matters right, I direct Ageas Insurance Limited to;

- Commission an independent report and prepare a scope of works to assess and rectify the damage caused. Ageas should ensure Ms C is provided with an effective and lasting repair to her home.
- Address the holes cut out of the plaster for testing.
- Pay Ms C £4,000 for distress and inconvenience.

My final decision

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

Ageas must pay the compensation within 28 days of the date on which we tell it Ms C accepts my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 25 April 2025.

Kiran Clair
Ombudsman