

The complaint

Mr W is unhappy with the settlement offer provided by Aviva Insurance Limited (“Aviva”) for his claim and with the general level of service he’s received under his home insurance policy.

What happened

Mr W made a claim under his policy when he experienced a leak under his shower at home.

A week after the claim was raised, Aviva’s loss adjuster attended the property to inspect the damage and validate the claim. At this point, Mr W had already appointed his own contractor who’d already removed the shower and used a mini excavator to dig up part of the concrete floor to identify the leak. The work had caused damage to some of the surrounding area.

Aviva asked Mr W’s contractor to provide a quotation and report of the works they were carrying out to allow Aviva opportunity to validate the proposed works.

Five months later, Mr W complained about the level of service and poor communication it had received from Aviva’s loss adjuster. Aviva apologised and offered £250 compensation for the distress and inconvenience caused.

After Aviva had reviewed the proposed works it offered Mr W a cash settlement as it wasn’t given the opportunity itself to repair the damage. Aviva said the settlement was consistent with its obligations under the policy.

However, Mr W was unhappy with the offer, he didn’t think the offer covered the scope of the works required to repair the damage and he thought the labour and material rates used to calculate the settlement were too low and insufficient for him to get the work done for the money.

Our investigator decided to partly uphold the complaint. He thought the settlement offer made by Aviva was fair and in line with the policy terms. However, he thought Aviva’s management of the claim was poor, so he asked Aviva to increase its compensation by £250 (to £500 in total). Mr W disagreed, so the case has been referred to an ombudsman.

My provisional decision

I made a provisional decision on this on 20 February 2025. I said:

“The normal process I would expect an insurer to follow when a claim is made, is first for a loss adjuster to visit the property to fully assess and validate the claim. There would normally be two parts to this assessment. The loss adjuster would be expected to identify the cause of any damage and confirm that it’s covered by the policy. The loss adjuster would also review and record the details of the damage and run a process to ensure the damage is remediated or provide a cash settlement that meets the requirements of the policy.

As Mr W was keen to stop the leak to avoid further damage and he didn’t have “trace and access” cover within his policy, he appointed his own contractor to stop the leak. I don’t think

this was an unreasonable approach, as Aviva would've required the leak to be fixed before it started any remediation, and it meant no further damage was caused at the property.

Mr W's contractor provided a quote of around £9,000, which included his recommendation to re-route the pipework in the bathroom, which would've subsequently required a full reinstatement of the bathroom.

As the work had started, I think Aviva has been fair in asking to review the details of the proposed works to make sure it was comfortable with what had been quoted.

Having reviewed the quote, Aviva only offered to settle part of the works. Aviva said in its final response:

"Regarding the settlement offered by [our loss adjuster] I am satisfied that this meets with the policy terms and conditions. We, as the insurer, are only required to address damages caused by the insured event that has occurred and return the property to its pre-loss condition. We will not address any betterment or refurbishment works.

The financial settlement offer presented by [our loss adjuster] meets with the terms stated in your policy wording on Page 25 – Settling claims (except liability)

We can choose to settle your claim by repairing, rebuilding, giving you an equivalent replacement or making a payment. If we are able to repair, rebuild or replace your property but choose to settle using cash or a voucher we will only pay you what it would have cost us to repair, rebuild or replace it".

Mr W had already commissioned his own contractor to carry out some works before the loss adjuster was able to assess any damage caused by the leak. I've read the loss adjuster's report, and his approach appears to be fair in the circumstances. He's discarded items in the quote that he feels were betterment (E.g., the re-routing of pipework and the subsequent repairs required from this work, damage to the ceiling, new ceiling lights etc). But he has allowed costs related to the adjoining kitchen where there was evidence of damage caused by the leak and he's allowed for the removal of the shower. I think this assessment is consistent with the policy terms. I wouldn't have expected a relatively small one-off leak, to require the whole bathroom to be refitted.

I appreciate Mr W doesn't think the re-routing of pipework is betterment, as he doesn't feel he has particularly benefitted from this solution. But Aviva's responsibility is to restore the property to its condition before the leak. So, this wouldn't need Aviva to re-route any pipework. So, any re-routing would be classed as betterment and wouldn't be covered by the policy.

Mr W is unhappy with the rates Aviva has assumed in its cash settlement offer. Mr W has a background in commercial pricing. The policy allows Aviva to offer a settlement at the rate it would cost it to do the work itself, not at the price it would cost Mr W to get the work done by his contractor. This is because Aviva haven't had the opportunity to do the work itself as Mr W used his own contractors to do the work.

Aviva has used the rates it has access to from its network of suppliers. Whilst I appreciate Mr W thinks these are low, these are the rates Aviva has access to, therefore, I can't say it has been unfair in using these as these are what it would've cost it had it done the work itself. Therefore, I don't intend to uphold this part of the complaint.

Mr W said he'd had to live without a working bathroom. He's been inconvenienced by using friends' facilities to shower. I could see the policy did allow Mr W alternative accommodation

if the circumstances allowed, or to put in temporary solutions to allow the family to remain in the home.

I haven't seen evidence in the information Mr W provided or Aviva supplied that suggests these circumstances were considered fully by Aviva to ensure Mr W's family weren't left in a vulnerable position. I would've expected Aviva to pick up this information at the time the claim was made and address these points very quickly. I can't see this review was done.

However, I also can't see evidence Mr W asked Aviva specifically if he could re-route pipework to make a temporary solution to allow his family to stay in the home. I'm not saying these things didn't happen, I just haven't seen evidence of this, so I still wouldn't expect Aviva to cover these repairs.

I have considered the general handling of the complaint. Aviva have acknowledged it should've done better and offered £250 in compensation. I think any claim will have a normal level of inconvenience associated with it. Mr W is unhappy it took Aviva a week before inspecting his property.

I don't think this is a long time. Mr W was entitled to get the work done to stop the leak. I can see there was difficulty getting timely communications from the loss adjuster. However, I can see a lot of the delays were caused due to Mr W not accepting the settlement. As I've already set out, I think the settlement was fair, so I can't say Aviva caused all these delays.

Aviva have agreed to increase the compensation level to £500. However, I think there was further distress and inconvenience caused by Aviva not properly assessing the availability of bathing facilities. So, I intend to award £750 compensation in total (£500 more than Aviva offered). So, I intend to uphold this part of the complaint".

Responses to my provisional decision

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Aviva accepted my provisional decision, and it didn't have anything further to add.

Mr W didn't specifically say he rejected my provisional decision, although his comments suggest he's not in agreement with it. Mr W did want to clarify some points that came up in my provisional decision.

Mr W explained the source of the leak was his heating system and if this wasn't resolved it could've impacted his boiler. Mr W said he commissioned a plumber with the assumption the leak wasn't anything major as there wasn't any visible signs.

The plumber indicated the leak was under the shower. Mr W said hand and power tools were used to dig up the floor, not a mini excavator as I documented previously. He said tiles that fell off during this process were due to the leak.

Mr W said although he didn't complain directly to Aviva for some time, he did raise several points of issue directly with Aviva's loss adjuster beforehand.

Mr W said he was told by Aviva due to the circumstances of the claim, that he wasn't entitled to alternative accommodation. He said the loss adjuster agreed with Mr W's plumber that having the pipework surface mounted was a common-sense approach.

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.

I appreciate the points of clarification from Mr W, and I apologise if this has caused him any distress. Unfortunately, having considered these points, I don't feel any of the information changes my mind on the decision I've made, so I still partly uphold this complaint.

In the compensation award as I set out in my provisional decision, I've taken account of the limited bathing facilities that were available to Mr W's family (and absence of short-term alternative accommodation) and for the poor level of communication. However, I think some of the delays were caused by the dispute over the settlement. I've explained, I don't think was Aviva's fault.

I appreciate the loss adjuster may have commented on a better option for routing any pipework, however, this doesn't mean it would be covered under the policy. I haven't seen evidence that Aviva or its representatives said this would be covered by the policy. There's nothing documented on this. I've explained why betterment isn't covered by the policy.

So, I know this isn't the news Mr W hoped for, but I think the compensation award I stated in my provisional decision is reasonable in these circumstances.

My final decision

My final decision is that I partly uphold this complaint. I require Aviva Insurance Limited pay:

- Mr W £500 compensation for distress and inconvenience (it should also pay the £250 offered if it hasn't already).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 7 April 2025.

Pete Averill
Ombudsman