

The complaint

A, a limited company, complains Aviva Insurance Limited didn't respond to a claim against its property owners insurance policy fairly.

A is represented by Mr B, one of its directors. For ease of reading, references to Aviva include the actions of its agents.

What happened

I issued a provisional decision. I said:

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

Mr B made a claim against the policy for an escape of water. Aviva accepted the claim. It was agreed Mr B would arrange the necessary repairs and submit invoices for Aviva's consideration. The invoices totalled 11,016.45. Aviva offered A £9,331.46 (£8,831.46 net excess). Mr B doesn't think the settlement is fair. I find Mr B has a point. I'll explain why.

- Aviva allowed Mr B to undertake the repairs and so it's responsible for indemnifying him against the cost of doing so. I have seen no reason to doubt he paid the invoices presented to him, meaning the repairs cost him £11,016.45. Following Aviva's response, his builder stood by the invoices, so I don't see that there was an opportunity for Mr B to challenge them even if the costs were unreasonably high.
- That said, I'm not satisfied they were unreasonably high. Aviva's own scope of repair estimates costs of £11,197.51. The invoices/scope are somewhat different, but it suggests Mr B achieved the repairs for less than it would have cost Aviva. And Aviva's main argument - that Mr B paid for too many man hours - doesn't seem to account for the difficulties based on the property's location, namely with parking.
- Mr B was keen for the repairs to be completed as soon as possible as he had tenants due to move in, and this was pushed back by about three weeks to allow for repairs. I understand Mr B asked the builders to postpone other work to ensure the works were completed in time. This was appropriate loss mitigation on the part of Mr B, and to Aviva's benefit. So, looking at things in the round, I don't find Aviva's been fair here.

Given my findings above, I'm not satisfied it was fair and reasonable for Aviva not to reimburse A's costs in full. It follows I intend to require Aviva to pay A the difference in the amount Mr B paid for the repairs, and what Aviva paid him, plus simple interest at 8% a year.

Mr B has also asked Aviva to respond to the claim under the loss of rent section of

A's policy. He asked for – and received – £986.30 (20 days at £1,500 pcm). That's what A was entitled to, and what was asked for, so I see no reason to comment on that aspect further.

Mr B has asked for a payment for council tax, electricity usage and gardening. I understand Mr B's logic – that these would have fallen on tenant but for this claim – but the policy makes no provision for losses such as these. It follows I can't fairly require Aviva to reimburse them.

Mr B has been caused some frustration and inconvenience. But he isn't the policyholder; A is. It's therefore not within my powers to award compensation to Mr B, and A itself hasn't been inconvenienced in a material way. It follows I make no compensation award.

My provisional decision

I intend to uphold this complaint and require Aviva Insurance Limited to pay A £1,684.99 plus simple interest* at 8% a year from the date the final invoice was paid to the date of settlement."

Aviva responded to my provisional decision to say it had nothing further to provide. Mr B didn't respond to my provisional decision.

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.

In the absence of any further evidence or arguments I see no compelling reason to depart from my provisional decision.

My final decision

I uphold this complaint and require Aviva Insurance Limited to pay A £1,684.99 plus simple interest* at 8% a year from the date the final invoice was paid to the date of settlement.

*If Aviva considers that it's required by HM Revenue & Customs to deduct tax from that interest, it should tell A how much it's taken off. It should also give A a tax deduction certificate if asked for one, so it can reclaim the tax from HM Revenue & Customs if appropriate.

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

James Langford
Ombudsman