

The complaint

Mrs F and Mr F complain about Aviva Insurance Limited (“Aviva”) and the service provided to them after they made a claim on their home insurance policy. Mrs F and Mr F also complain about the cash settlement paid by Aviva.

Mrs F has acted as the main representative during the claim and complaint process. So, for ease of reference, I will refer to any actions taken, or comments made, by either Mrs F or Mr F as “Mrs F” throughout the decision where appropriate.

What happened

The claim and complaint circumstances are well known to both parties. So, I don’t intend to list them chronologically in detail. But to summarise, in October 2023 Mrs F’s property was damaged due to a flood. So, she contacted Aviva to make a claim on the home insurance policy they underwrote.

Aviva used a managing agent, who I’ll refer to as “P”, to handle new claims on their policies. As this agent was working on behalf of Aviva, Aviva are ultimately responsible for the service they provided and so, I will refer to Aviva when discussing any actions P took.

Aviva appointed a loss adjustor, who I’ll refer to as “D”, to manage the repair process. And following two inspections, the claim was accepted. A surveyor, who I’ll refer to as “G”, was appointed to oversee the repairs and they compiled a schedule of works (“SOW”), after strip out works and drying had been completed.

G subcontracted the repair work to a repairer, who I’ll refer to as “S”. But Mrs F was unhappy with the progression of the claim, the communication provided to her, the lack of assistance in compiling a Beyond Economical Repair (“BER”) list and the conduct/workmanship of S.

So, she raised a complaint, as well as requesting the claim be cash settled so she could source her own contractors to complete the repairs.

Aviva responded to the complaint and upheld it in part, accepting the service provided had fallen below the level they expected. So, they offered to pay Mrs F and Mr F £200 to recognise this, on top of the £100 payment already paid in recognition that Mrs F hadn’t been assisted in compiling a BER list earlier in the claim.

Further to this, they offered a cash settlement of £58,822.05, excluding VAT, explaining any VAT would be reimbursed upon completion of the repairs, subject to satisfactory invoices being supplied.

Mrs F remained unhappy with this response. In summary, Mrs F didn’t think the £200 compensation was adequate to recognise the distress and inconvenience she and Mr F had experienced. And she wanted a 30% uplift on the cash settlement initially, before providing a quotation from a local builder for a significantly higher amount than the settlement that had been paid. So, she wanted the settlement to be increased. Aviva refused this request and so, Mrs F referred her complaint to us.

Our investigator looked into the complaint and didn't uphold it. They explained why they thought Aviva had cash settled the claim fairly, in line with the terms and conditions of the policy, as they were satisfied it fell in line with the original SOW. And they explained why they weren't persuaded by Mrs F's evidence that this should be increased. They also set out why they thought the £200 offered by Aviva to recognise the delays and communication issues was a fair one, meaning they didn't think Aviva needed to do anything more.

Mrs F didn't agree, providing several arguments setting out why. These included, and are not limited to, her assertion that the conflicting information she received, and the delays experienced during the claim process weren't adequately compensated for in the £200 Aviva offered. She also reaffirmed her unhappiness with the lack of assistance during the BER list compilation and she maintained the cash settlement offered by Aviva failed to allow her and Mr F to complete the necessary reinstatement work in their home.

Our investigator's view remained unchanged despite these comments and so, the complaint was passed to me for a decision. I issued a provisional decision on 14 April 2025, where I set out my intention to uphold the complaint. Within that 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. Having done so, it's my intention to uphold the complaint and so, direct something different to that of our investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome."

Before I explain why I've reached my decision, I want to make it clear what I've been able to consider, and how. I note much of Mrs F's complaint revolves around the claim settlement and her belief the cash settlement paid doesn't allow her to complete the repair works necessary to her home. But I also note Aviva issued their complaint response before she rejected the cash settlement offer.

Usually, our service is only able to consider events that have been complained about and so, events that occurred before a complaint response. But in this situation, I note Aviva have provided their comments to our service about the cash settlement award. And in line with our inquisitorial remit, I'm satisfied it's the right thing to do to consider the cash settlement paid by Aviva, to ensure my decision is able to appropriately consider the points Mrs F has raised, and the impact these had. I can see Aviva set out their position regarding the cash settlement, and why they thought it was fair, to Mrs F on 4 October 2024, after it had been rejected. So, my decision will focus on the events that occurred up to this date. Any issues Mrs F and Mr F suffered or identified after this date would need to be considered by Aviva, and then our service, separately.

To ensure my decision is easy to follow, I've broken it down into what I'm satisfied are Mrs F's main complaints. And I want to reassure both parties that I've considered all the information and comments provided, even if I haven't commented on them specifically due to our service's informal approach. My decision has focused on the points I believe are pertinent to the decision I intend to reach.

Claim settlement

I've first focused on Aviva's decision to cash settle the claim and the amount of the settlement itself. And for me to say Aviva should do something differently regarding this point, I'd first need to be satisfied they did something wrong. So, I'd need to be satisfied they failed to act in line with the policy terms and conditions when settling the claim. Or, if they

did, I'd need to be satisfied they acted unfairly in some other way.

In this situation, the policy terms and conditions make it reasonably clear Aviva were entitled to cash settle the claim. And the policy goes on to explain that "where we can offer repair or replacement through our network of suppliers, but we agree to pay you in cash, then payment will not exceed the amount we would have paid to our network of suppliers."

In this situation, I'm satisfied the cash settlement Aviva paid was in line with the SOW and the amount it would have cost them to repair Mrs F's home through their network of suppliers. So, I'm satisfied Aviva acted within the policy terms and conditions when calculating and offering the cash settlement.

But as I've set out above, I must also be satisfied they acted fairly when doing so, considering standard industry, and our own, approach. From the evidence that has been available to me, and both parties' testimony, I note it's not in dispute that there was a breakdown in relationship between Mrs F, Mr F and S.

And I've seen an email from Mrs F sent on 22 July 2024 where she explained she had lost faith in S and suggested the claim be cash settled, with an additional percentage increase for future costs that may arise. So, I'm satisfied the idea of the cash settlement originated from Mrs F.

In situations such as this, where a cash settlement has been requested by a consumer, our service approach stipulates that an insurer must then settle the claim in this way. And this is what Aviva have done. And in situations such as this, we would only expect an insurer to pay what it would have cost them to repair the damage through their own suppliers. Again, I'm satisfied the cash settlement Aviva has paid reflects the SOW and what it would have cost them to arrange the repairs themselves. So, I don't intend to direct Aviva to increase this payment amount.

I recognise Mrs F is unlikely to agree with this. And I have carefully considered all the points she raised, which includes her position on the VAT element of the settlement. While I do understand Mrs F's position, it is standard industry process for a cash settlement to be paid excluding the VAT element and for this then to be reimbursed upon the receipt of relevant invoices. So, I can't say Aviva have acted unfairly when taking this approach.

BER list

I note Mrs F raised her complaint about the lack of support with the compilation of this list earlier within the claim process. And I note Aviva accepted Mrs F wasn't given, or made aware of, the support available to her to compile this list. So, I don't think the merits of this issue remain in dispute and I'm satisfied Aviva acted unfairly regarding this point. So, I won't be discussing the merits in any further detail, and I will return to this point when thinking about what I intend to direct Aviva to do to put things right.

Claim delays, communication and overall service provided

Again, I note Aviva accepted in their final response to Mrs F that the service provided to her fell short of the level they would expect. So, I don't think the merits of Mrs F's complaint here remains in dispute. But I also recognise Aviva's complaint response was fairly brief and didn't detail exactly where they thought their failures were. So, for completeness, I've briefly summarised my own intended findings.

Having reviewed the evidence available to me, I'm satisfied there has been a series of avoidable delays caused by Aviva and I would have expected the claim to have progressed

further than it had by the time a cash settlement was put forward. And considering Aviva accepted the same, I see no reason for me to dispute the testimony Mrs F has provided. So, I'm satisfied S most likely did take on other jobs during the time they were instructed to complete the repairs to Mrs F's home, which I recognise would have led to delays that Mrs F was unhappy with, and I can understand why she would feel as though the relationship had broken down.

I think it's also reasonably clear that there were issues with the communication Mrs F received from the differing parties involved, and I can understand why receiving differing messages would have created concern for Mrs F regarding the works and the quality of it.

So, I do think Aviva and their agents who they are ultimately responsible for acted unfairly during the claim process and that the service provided fell below the standard I would expect. Because of this, I've then turned to what Aviva should do to put things right.

Putting things right

I note in total, Aviva offered Mrs F and Mr F £300 compensation to recognise their failures. And our investigator set out why they thought this offer was a fair one and so, didn't recommend Aviva do anything more. But I'm not satisfied this offer is enough to compensate Mrs F and Mr F appropriately, and I'll explain why.

First, I'll discuss the £100 payment for the BER list. As I've set out above, it's accepted Aviva failed to support Mrs F with the compilation of this list. And by failing to do so, I recognise this would have been a piece of work that will have taken Mrs F time and effort to complete, when she didn't reasonably need to. But I'm satisfied the £100 is a fair payment considering the information I've seen which suggests Mrs F took the conscious decision to start compiling this list without seeking support from Aviva first. So, while Aviva should have been more proactive around this, I think the £100 is a fair offer taking everything into account. So, I don't intend to direct Aviva to do anything more regarding this issue.

But crucially, I'm not satisfied the £200 payment offered for the service failures is a fair one. Having reviewed the timeline of the claim up to the point of cash settlement, I'm satisfied the claim should have progressed further than it did. And, that the delays were caused by Aviva and their agents failing to act as proactively as they should have. This includes taking too long to reach the point of reinstatement and S taking on other jobs when they were instructed to repair Mrs F's home. On top of this, I'm satisfied there were communication issues that would have caused Mrs F and Mr F confusion regarding next steps, and what was due to happen and when.

When this is considered against the significant damage caused to Mrs F and Mr F's home and the worry this would cause, I'm not satisfied the £200 payment is enough. Instead, in line with our services approach to compensation awards for distress and inconvenience which are well documented and available online, I'm intending to direct Aviva to pay a further £500, on top of the £300 already offered, taking the compensation to £800 overall.

I think this total compensatory offer fairly recognises that there were several service issues Mrs F and Mr F have experienced, and the clear impact this had had on them, leaving them out of their home for a longer period than they should have been.

But I think it also fairly takes into account the fact that Mrs F and Mr F were kept in alternative accommodation of their choosing during this time. And, that when a cash settlement was paid, a further period in this accommodation was authorised to ensure they weren't left out of pocket needing to cover the costs of accommodation elsewhere.

I'm satisfied this payment also fairly considers the fact that in a claim of this nature, there is expected to be a level of distress and inconvenience experienced by Mrs F and Mr F through no fault of Aviva's, due to the extent of the insured event and the damage it created. So, it is one I intend to direct Aviva to make."

Responses

Both Aviva and Mrs F and Mr F accepted my provisional decision. But Mrs F provided some additional comments relating to an excess deducted from the settlement amount she received, as well as clarification on the compensatory payment she had received from Aviva so far.

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 see no reason to change my original conclusions considering both parties have accepted my provisional decision, and the direction I communicated within it. But I do want to respond to the comments Mrs F made within her email response.

I recognise she explained her belief an excess had been deducted from the settlement amount she received, that she had already paid to the contractor directly. This isn't an issue I've seen was raised to Aviva before their complaint response, or to our service before my decision was issued. So, it's not something I am able to make a finding on.

But I want to make it clear that, considering the failures I've already outlined above, which I note are accepted by both parties, I would expect Aviva to work proactively with Mrs F regarding this issue to ensure Mrs F has only paid one excess amount, as she has only made one claim.

I've answered Mrs F's other comment regarding the compensatory amount she has received so far below.

Putting things right

In my provisional decision, I set out my intended direction that Aviva should pay Mrs F and Mr F the required amount outstanding to ensure they receive a total amount of £800 compensation, to recognise their service failures. Mrs F has stated she has only been paid £100 so far and that the further £200 offer made by Aviva wasn't received.

On that basis, I want to make it clear that I would expect Aviva to pay Mrs F an additional £700, to ensure the total £800 compensation is paid. And this falls in line with my original provisional award, which was accepted by both parties. As this was accepted by both parties, it's now an award I'm directing Aviva to make.

My final decision

For the reasons outlined above, I uphold Mrs F and Mr F's complaint about Aviva Insurance Limited and I direct them to take the following action:

- Pay Mrs F and Mr F the required amount outstanding to ensure they receive a total of £800 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or

reject my decision before 27 May 2025.

Josh Haskey
Ombudsman