

## **The complaint**

Miss M complains about the settlement offered by Aviva Insurance Limited following an accidental damage claim under a buildings insurance policy.

Miss M is being represented in this case. For ease of reading, I'll refer to Miss M and her representative throughout as "Miss M".

## **What happened**

The details of this complaint are known to both parties, so I won't repeat them in detail. Instead, I will focus on the reasons for my 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.

Many points have been made in relation to this matter – I've not addressed each one individually. Instead, I've focused on what I consider are the key points. I mean no discourtesy by this to either party – it simply reflects the informal nature of our Service.

Miss M incepted a buildings insurance policy with Aviva in July 2023. She raised a claim following issues in September 2023 with her domestic sewage and wastewater system. Aviva accepted the claim and agreed to contribute towards the replacement of a septic tank under the accidental damage section of the policy. Miss M complained to Aviva that 1) it has not agreed to replace the drainage field so a lasting and effective repair cannot be achieved, and 2) it has not contributed enough money to indemnify her. I will address each in turn.

### **1. The drainage field**

Miss M argues, in brief, the drainage field was damaged beyond repair because when the septic tank was accidentally damaged, solid waste was able to enter it. Aviva considered this matter and concluded the drainage field had failed for non-claim related reasons. I am satisfied Aviva's conclusion was a fair and reasonable one. I say this for the following key reasons.

Miss M appointed contractors ("C1"). C1 reported the tank was full to ground level which indicated a drainage field problem. They recommended a tank de-sludge ahead of their next visit. C1 returned and said a polystyrene ball which formed part of the baffle was missing, which meant solid waste could have entered the drainage field and damaged it beyond repair.

Aviva appointed agents ("C2"). C2 said there was no baffle with a polystyrene ball – rather, there was a hanging baffle with no identified defects. I am satisfied this was the case based on photos from C2. From C2's findings, I find it was fair and reasonable for Aviva to conclude a failing baffle hadn't allowed solid waste to enter the drainage field as had been alleged.

C1 later dug down to the drainage field. They found sludge lying in the outlet inspection chamber, stones submersed in liquid and, further down, liquid had turned to sludge. C1 said this would suggest the baffle in the tank was not functioning as it should. But that isn't supported by C2's findings. And the previous tank emptying notes in 2021 say thick sludge was noted, and in 2022, the tank was found to be overflowing. This suggests a longstanding issue.

C2 said the split in the tank base was allowing groundwater to enter the tank when emptied. This seems a reasonable and plausible conclusion based on the video provided by C2. It also said it couldn't conduct a CCTV survey of the drainage field because it was flooded with groundwater. C2's conclusion was the drainage field had failed due to raised groundwater which meant wastewater couldn't percolate efficiently.

Aviva was persuaded by C2's conclusion and declined to pay to replace the drainage field because it had failed for non-claim related reasons. I find Aviva acted fairly when relying on the findings of C2, and its decision on this aspect of the claim was reasonable. Miss M argues Aviva must replace the drainage field for a lasting and effective repair to be achieved. But I don't find that's fair and reasonable here because I am satisfied it's more likely than not, on balance, the drainage field needed replacing regardless of the claim.

## 2. The contribution

Ordinarily, following a valid claim, an insurer is required to indemnify a policyholder by either repairing, replacing, or cash settling the claim-related damage.

In this case, Aviva offered to cash settle the claim rather than perform the repair itself. I find that was fair and reasonable because it was unable to indemnify Miss M with a like-for-like replacement tank as the wider system required reinstatement and / or upgrading. And that reinstatement and / or upgrade work would be at Miss M's own cost. And in any case, Miss M had contracted with a contractor (C2) soon after the problem was discovered, so I am satisfied, based on the evidence available, and on the balance of probabilities, it was more likely than not Miss M's intention was to insist on a cash settlement from Aviva for this claim.

Aviva's cash settlement is based on what a like-for-like replacement tank would have cost it. Miss M has said that's not fair as what it paid her won't indemnify her. But I find that was fair and reasonable in the specific circumstances of this complaint. I say this because Aviva wasn't responsible for the problems with the wider system – which needs to be put right at Miss M's own cost – which made it unable to settle this claim as it ordinarily would. And because I am satisfied, on balance, it was more likely than not Miss M's intention was to request a cash settlement from Aviva, it follows Aviva would have been entitled to settle this claim based on the cost to it.

It follows I find Aviva's decision to cash settle its limit of liability for this claim at its own rates was a fair and reasonable one in the specific circumstances of this complaint. As such, I don't require it to take any action. I accept my decision will disappoint Miss M. But it ends what we – in attempting to informally resolve her dispute with Aviva – can do for her.

## My final decision

For the reasons mentioned above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 8 July 2025.

Liam Hickey  
**Ombudsman**