

The complaint

Mrs W complains AA Underwriting Insurance Company Limited ("AA") has:

- Caused an escape of water in her property due to substandard repairs to her bathroom during a previous claim on her property insurance policy.
- Failed to appropriately settle her current claim for repairing the damage it's caused.
- Unfairly declined her claim for damage to her boiler.
- Caused her severe distress, inconvenience and mental health issues through the service it's provided.

All references to AA include its agents.

What happened

Around 2019, Mrs W's property had an escape of water in the bathroom. So she claimed on her property insurance policy. AA arranged for the bathroom to be repaired but Mrs W was unhappy with the time it was taking and the standard of the works carried out. Ultimately AA offered to either carry out further repairs to the bathroom to rectify the problems caused or pay Mrs W a cash settlement to get the repairs done herself. But it didn't agree to replace some items it had previously installed which Mrs W thought were either of poorer quality than the items she had before or had been installed incorrectly.

Mrs W asked our service to look into things and, in summary, we thought AA had made a fair offer in the circumstances. As the cash settlement wasn't enough to cover the quotes Mrs W had received for the work, she opted for AA to arrange the repairs again with the same contractors. I mention some of the facts of that complaint because they are relevant here but this complaint is about what's happened since the rectification work only.

Around August 2024, Mrs W got back in touch with AA. She explained there had been a further escape of water in the bathroom, potentially from under the shower. She said the flooring was damaged and soft to walk on and there was water damage to her lounge wall.

Mrs W also said her boiler had stopped working and was beyond economic repair. She thought this and the escape of water in the bathroom were all caused by the rectification work AA had previously carried out around 2021.

AA arranged for a surveyor to visit the property and it's given us a copy of the surveyor's report. This says the damage was caused by poor workmanship in the bathroom. Amongst other things, the report mentions the floor and sub floor had collapsed, the shower enclosure and grout had been poorly installed and the radiator was leaking. The surveyor said the bathroom needed stripping out completely. In its internal notes from September 2024, AA also said the shower tray and surround were of poor design and unsuitable for the bathroom. It said the surveyor had suggested that was what was likely causing the leak.

Due to the findings of the surveyor, in September 2024, AA told Mrs W it was declining her claim as poor workmanship isn't covered under the policy terms. It said the previous repairs were carried out by its claim handler (who I'll call 'T') so it didn't think it was responsible for this. And it directed Mrs W to contact T instead.

Unhappy with this decision, Mrs W raised a complaint. And around three weeks later, AA accepted her claim. It offered her £100 for declining her claim initially before discussing things with her in full. But it maintained that any problem with the previous repairs were the responsibility of T and not itself. AA also asked Mrs W to arrange for a report from an engineer about her boiler. Mrs W didn't initially provide this but said the boiler started to leak and then stopped working after it was serviced in January 2024. Based on this information, AA declined Mrs W's claim for the cost of replacing her boiler as it thought the damage was likely caused by wear and tear which wasn't covered under the policy terms.

Around October 2024, AA paid Mrs W around £9,000 to cover the cost of alternative accommodation for six months while her property was being repaired as she didn't have access to washing facilities. It estimated the repair work would take around three months.

Mrs W sent AA quotes for getting the repair work done herself. AA didn't accept the quotes as it said it included items which either weren't damaged or she didn't previously have in her bathroom. So it asked her to provide another quote based on the scope of works it thought was needed. There was some back and forth over this as Mrs W didn't agree with AA that some items – for example her shower tray – didn't need replacing. And around February 2024, AA offered Mrs W around £6897 to cash settle her claim.

Mrs W didn't accept AA's offer to cash settle her claim as she didn't think it would cover the actual cost of repairing the damage. And she didn't agree the works it said were needed covered everything. Unhappy things weren't resolved, Mrs W complained to our service.

Our Investigator didn't uphold Mrs W's complaint. She thought AA's offer was reasonable as Mrs W's quotes would put her in a better position than before the claim. She didn't think Mrs W had given AA the necessary information to move her claim forward and she thought AA had declined her claim for the boiler fairly.

Mrs W didn't accept our Investigator's opinion. She highlighted that she's disabled and the experience has significantly impacted her physical and mental wellbeing. She explained she and her children have found things very difficult whilst being without washing facilities. And around May 2025, she told us her alternative accommodation was coming to an end so she'd have to return home when no repairs had taken place yet. As the complaint wasn't resolved at that stage, the case was passed to me to decide. I issued a provisional decision on this case in June 2025. I've included a copy of what I said below:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Based on what I've seen so far, I intend to uphold this complaint. I'll explain why."

Escape of water

Mrs W's bathroom has been damaged due to an escape of water. And whilst AA has accepted the claim, Mrs W and AA can't agree on the settlement amount. I can see there's disagreement between both parties over what should and shouldn't be replaced. And that's meant Mrs W doesn't agree with AA's scope of works and AA doesn't accept Mrs W's quotes to get the work done herself.

From the latest correspondence between Mrs W and AA from March 2025, it seems to me the only items on Mrs W's latest quote that it doesn't agree with is replacement of the toilet, the basin and the illuminated mirror. But it's not clear if that's the case as it's also said there are many items which are in question. As AA doesn't agree with these items, it won't accept the quote at all. Instead, it's asked Mrs W to provide an itemised quote with these things removed or it's offered her a cash settlement of around £6,900 based on its own scope of works, which she says isn't enough.

Having looked at Mrs W's quote and the pictures I've been given of her bathroom, I agree there are some items, for example the illuminated mirror, which shouldn't be included. I've also looked at AA's scope of works which doesn't include a number of items Mrs W thinks should be covered. I understand some items – for example the shower tray – are undamaged. But I can also see in its internal notes, AA has said the leak has likely been caused by the improper shower tray being used – it's too shallow. And it seems this particular shower tray was installed by AA around 2021. So I'm not currently satisfied AA carried out an effective and lasting repair by installing the shower tray and that should be put right as part of this complaint.

Overall, I don't think the scope of works AA has provided goes far enough in this case. But I also don't think it's reasonable for AA to cover the cost of the quotes Mrs W's provided in full as it includes items she didn't have previously. So, to reach a fair outcome in this case, and in the interests of moving things forward, at the moment, I think it's reasonable for AA to pay Mrs W £9,387.59 plus value added tax ("VAT") if applicable which is an average of the amount it's offered Mrs W to cash settle her claim and the quote it's received from her. If either party don't accept this amount is fair, they need to provide a clear, itemised quote for the works, including details from the contractor as to why each item is necessary or unnecessary to ensure an effective and lasting repair. This information needs to be provided to me before the deadline set out in this provisional decision.

Boiler

Mrs W thinks the damage to her boiler stems from the repairs which took place around 2021. She's said the radiator in the bathroom was fitted poorly and the pipe was bent underneath it. She says this caused the pressure to drop and the boiler to break.

AA doesn't accept Mrs W's view. It says she's not provided sufficient evidence to support her view and from what she's said – that the boiler broke down after a service – it seems more likely the boiler damage was caused by wear and tear. So it's declined her claim.

When making a claim under an insurance policy, the onus is on the policyholder to prove they have a valid claim. And based on what I've seen so far, I'm not satisfied Mrs W has. So I think it's reasonable AA asked her for further evidence of the cause of damage to the boiler – specifically a report from a boiler engineer. Whilst Mrs W explained why she thinks the boiler broke down due to the previous repair work, she's not given an engineer's assessment supporting this. And, looking at the message she sent to AA around October 2024, she said the boiler started to leak following a service. So I currently think AA has acted reasonably in asking for further information and declining the claim.

If Mrs W can provide clear evidence from an independent engineer, showing the problem was directly caused by the repair work to the bathroom, she should pass it to AA to consider.

Customer service

From what I've seen in this case, I think AA has provided extremely poor service to Mrs W who has explained repeatedly how what's gone on has impacted her health, both mentally and physically. She's explained she's vulnerable, she lives with her son and the issues with her bathroom have impacted their relationship.

When Mrs W first got in touch with AA, she explained the escape of water in her property was likely connected to the quality of the works carried out in 2021 following her complaint. In September 2024, following its surveyor's visit, AA accepted the escape of water was due to poor workmanship, but it declined the claim as it didn't accept it was responsible for the poor quality of work. It took AA around three weeks to let Mrs W know it had made an error here and that it would be covering her claim. And I think, during this time, she would've been caused a great deal of stress and upset and she wouldn't have felt at all listened to.

Whilst AA has now accepted the claim, it doesn't think it's responsible for making up for the previous repair work as it says the repairs were carried out by T. It's maintained this position even after Mrs W brought her complaint to our service. And in an email to us, it's said T had full delegated authority to handle claims on its behalf so it doesn't think AA is responsible. But I don't agree – and I think it's misunderstood what full delegated authority means.

Mrs W's agreement is with AA as the underwriter of her policy. AA sets the price of her policy and she pays the premiums to AA for the cover agreed to in the policy terms. When she claims on her policy, Mrs W is doing so to AA. Whilst I appreciate T handled Mrs W's claim in 2019 and arranged the repairs, it was doing so on behalf of AA, as its agent. So I currently think AA is responsible for what T did and I'm satisfied AA should've known this.

AA accepts the repairs which were carried out around 2021 was to a very poor standard. It's surveyor described the work as '[J]ust poorly installed... [J]ust terrible installation'. And it accepts it's as a result of that poor work that Mrs W's property is damaged again. This is all after AA refused to cover the cost of Mrs W arranging the repairs herself as she'd requested.

Due to this, I think Mrs W's been caused a great deal of avoidable distress which she says has severely impacted her physical and mental wellbeing. She's explained she has a disability which has been made worse by what's happened and she's had to take medication to cope. Mrs W's been unable to live in her home and she's undergone periods of time when she's lived there without showering facilities – including once her alternative accommodation ended. She's also had to make a further claim on her policy and take the time to raise further complaints which, I can see from what she's told us she's found very difficult.

To put things right, I currently think AA should pay Mrs W £1,500 for the substantial distress, upset and worry it's caused her. I think her daily life has been disrupted since August 2024 and I don't think she would've felt listened to, particularly when AA initially declined her claim and didn't let her know for three weeks it had changed its mind. I don't think AA has understood its part to play here or treated Mrs W fairly in its dealings with her.

I also currently think it would be fair in this case for AA to waive the excess Mrs W is expected to pay for her claim under the policy terms and it shouldn't record this additional claim for the escape of water on CUE. This is because if it had repaired her bathroom to a satisfactory standard in 2021, it's unlikely a further claim would've been needed.

I understand Mrs W's alternative accommodation has recently ended and since that time she's been living back at her property without appropriate bathroom facilities. AA's said previously it would likely take around three months for the repair work to Mrs W's bathroom to be completed. So in order to put things right, I currently think it would be fair to direct AA to cover the reasonable cost of Mrs W's alternative accommodation for four months from the date of my Final Decision while the repairs to her bathroom are being undertaken. This should also allow time for AA to pay Mrs W the settlement amount."

I asked both parties to make any further comments before I reached a Final Decision. Mrs W said in summary:

- She was waiting on a report from her plumber which would show the radiator wasn't connected and the constant low pressure in her heating system caused the boiler to fail.
- Her plumbers have reiterated they wouldn't be able to carry out repairs to the bathroom following AA's scope of works. Instead, everything would need replacing and nobody will fix her bathroom for less than £15,000.
- Her illuminated mirror hasn't worked since AA replaced the bathroom previously.
- She's needed medication, surgery and paid for therapy following the works AA did around 2021 as her physical and mental health was severely impacted by AA's actions. And she's given us a letter from her healthcare provider to show the impact this claim has had on her health.
- She has struggled to find alternative accommodation for less than six months with the facilities she needs.
- She has been sent a renewal notice for her buildings and contents cover and she's noticed boiler cover is no longer provided. She would like that to be taken off the claim description so it doesn't impact future claims.

AA initially said it accepted my provisional decision. I asked AA for further comments in response to what Mrs W had said about her struggle to find alternative accommodation for any less than six months. It said in summary it had previously paid Mrs W £9,000 to cover alternative accommodation without any evidence that's what the funds went towards. It also highlighted that it would usually be the customer's responsibility to find a suitable property as they'd know the local area better than AA does and it would usually expect to see two options. But it agreed to cover the cost of Mrs W's alternative accommodation on reasonable and verifiable proof from her of the accommodation and the cost to her.

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've reconsidered this complaint in light of the comments I've received. And based on what I've seen, I still think this complaint should be upheld for the reasons set out below.

Alternative accommodation

Mrs W has said she's unable to find alternative accommodation for any less than six months with the facilities she needs in her circumstances. And considering AA had struggled to do the same when looking for alternative accommodation for her previously, I think that's plausible.

AA has agreed to cover the cost of Mrs W's alternative accommodation for six months upon clear and verifiable evidence from her of the alternative accommodation she intends to live in and I think that's fair in the circumstances.

Boiler

I understand Mrs W is clear in her belief that AA caused the problems she is now having with her boiler. But based on the evidence I've been given, I can't say it's more likely the damage to the boiler was caused by AA. Mrs W has said in response to my provisional decision that the boiler stopped working due to a build-up of pressure as it wasn't connected to the bathroom radiator. She's said she flagged this problem to AA's bathroom fitter when it was being installed around 2021 but he didn't do anything to rectify it. Having gone through everything she's sent us previously, she hasn't mentioned the pipes weren't connected before – either to our service or AA. Instead, she's consistently explained she was told the boiler was impacted by bent pipework. So I'm not persuaded by what she's said now.

Based on the information our service and AA have been given, I don't think it has declined this part of Mrs W's claim unfairly. She's suggested she might be able to get hold of further evidence from a boiler engineer to support her claim. And if she does, I think she should pass this to AA directly to consider.

I understand Mrs W is unhappy AA has removed boiler cover on her policy renewal. But that's not something I can consider as part of this complaint so she'll need to raise that separately with AA.

Bathroom repairs

In my provisional decision, I recommended AA pay Mrs W £9,387.59 plus value added tax ("VAT") if applicable which is an average of the amount it's offered Mrs W to cash settle her claim and the quote it's received from her. And I asked that either party provide further evidence – clear itemised quotes detailing why each item is necessary to an effective and lasting repair, before the deadline of my provisional decision.

Mrs W's said in response that she's spoken to bathroom fitters who have said they cannot carry out the works needed in the bathroom using AA's scope of works or for less than £15,000. But she's not given me any further evidence to support what she's said. I appreciate she spoke to the bathroom fitters on the phone and she's had some trouble getting further information from them. But this isn't enough to make me think AA paying the average amount suggested isn't a fair way of settling this complaint.

Mrs W's also indicated her bathroom mirror was illuminated before AA carried out the works around 2021 but it hasn't worked since then. She's presumably told our service this to show the quotes she's provided previously would put her in the position she was in before the damage in 2019. But she's not given us anything to support what she's said. And there are still other items on the quotes which shouldn't be covered. So this doesn't change the outcome of this complaint.

Distress and Inconvenience

I'm very sorry to hear about how Mrs W's health has suffered since AA carried out repairs around 2021. And I thank her for giving me all of the information and evidence she has about this. But although I've had to have regard to what happened in 2021 to reach a fair outcome on this complaint, the complaint I've considered here is just about the declined claim in 2024. So I can only consider what happened in 2021 in so far as it relates to the escape of water in 2024. And I can't consider the impact AA's repairs had on Mrs W's health since 2021.

Putting things right

For the reasons I've given, to put things right in this case, I direct AA to:

- Pay Mrs W £1,500 as compensation to make up for the substantial impact what's happened has had on her life.
- Waive any excess she's due to pay for her claim on her property insurance policy.
- Amend the CUE record for Mrs W's previous claim in 2019 to accurately reflect the total amount to be paid under the policy as one claim. But no additional claim should be recorded as this will unfairly impact Mrs W's record.
- Cover the reasonable cost of Mrs W's alternative accommodation in a similar property to her home for six months from the date of my Final Decision upon clear and verifiable evidence of the alternative accommodation she's secured, for example, a signed rental agreement. This should show details of the alternative accommodation including how much she's paying for it and confirming she's contractually obligated to pay for it.
- If Mrs W's already been paying for alternative accommodation since the time her previous accommodation ended in June 2025, upon clear evidence showing this, AA should also reimburse her what she's already paid. AA should add interest to this amount at the rate of 8% simple per annum from the date Mrs W made each payment for the alternative accommodation to the date of final settlement*.
- Pay Mrs W £9,387.59 to settle her claim. AA should also cover the cost of VAT once the work is complete and Mrs W has shown she's paid it.
- If AA considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs W how much it's taken off. It should also give Mrs W a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons I've given, I uphold Mrs W's complaint and direct AA Underwriting Insurance Company Limited to put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 24 July 2025.

Nadya Neve
Ombudsman