DRN-5651576

The complaint

Mr S complains about Ageas Insurance Limited (“AIL”) and the cash in lieu (“CIL”) settlement offer put forward to him after AIL were directed by our service to consider his fire claim. Mr S also complains about the service provided to him during that time.

Mr S has been represented by Miss C at times during the claim and complaint process. For ease of reference, I will refer to any actions taken, or comments made, by either Mr S or Miss C as “Mr S” 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, Mr S held a commercial vehicle insurance policy, underwritten by AIL, when his car was damaged by a fire in July 2024.

Mr S pursued a complaint about AIL’s decision to decline his claim through our service, and a decision was provided in January 2025 directing AIL to consider Mr S’ claim under the terms and conditions of his policy, accepting a fire had taken place. Further directions were made regarding repayment of costs Mr S incurred, plus a compensatory payment. Both parties accepted these directions as a way of moving forwards.

But by 27 February, Mr S had grown unhappy with AIL’s failure to action these directions. And in March 2025, AIL issued a final response letter outlining their proposed CIL payment of £189.59, after the policy excess had been deducted. When calculating this payment, AIL explained they had relied on a policy exclusion relating to mechanical breakdowns, setting out why they felt the fire was caused because of this. Mr S remained unhappy with this response, so he referred his complaint to us.

Our investigator looked into the complaint and upheld it. Both parties have had sight of this outcome, so I won’t be recounting it in detail. But to summarise, our investigator set out why they weren’t persuaded by the evidence presented to them that AIL were fair to rely on the policy exclusion they had. So, they recommended AIL settle Mr S’ claim based on Mr S’ own garage recommendations. And that 8% simple interest be applied to the CIL payment calculated on this basis, from 15 August 2024 in line with the previous decision provided by our service. Finally, they recommended AIL pay Mr S £100 compensation to recognise the lack of communication provided when Mr S was awaiting a claim decision after January 2025.

Mr S accepted this recommendation, providing additional comments explaining why he thought the recommendation was a fair one.

But AIL didn’t. AIL set out why they felt they were fair to rely on this exclusion, based on their own engineer’s professional opinion and the vehicle condition at the time of the insured event. AIL provided further comments to support their original belief that a fire wasn’t present, based on the damage that was visible from the images and inspection reports obtained. As AIL didn’t agree, the complaint has been passed to me for a 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.

Having done so, I'm upholding the complaint for broadly the same reasons as the 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 set out clearly what I've been able to consider. I recognise our service has already handled a complaint brought by Mr S that relates to the claim in question. And this decision, which AIL accepted, directed them to assess the claim against the policy terms and conditions, on the basis a fire, and so insured event, did occur. Because of this, my decision has been made on the basis there was a fire that damaged Mr S' vehicle.

There were also other recommendations made within that decision, which included reimbursement of costs and a compensatory payment. I must be clear that our service is unable to legally enforce decisions we make. Nor are we able to consider complaint issues that have already been considered and decided upon. So, my decisions won't be commenting on these directions or making an additional finding about them.

Instead, my decision focuses solely on the events that occurred after that decision, issued on 28 January 2025, up to the date of AIL's complaint response sent on 5 March 2025. Specifically, my decision will focus on AIL's CIL payment and how they calculated this, which includes their decision to deduct/exclude some of the repairs suggested by Mr S' own mechanic due to a policy exclusion.

And when doing so, I must be clear that it's not my role, nor the role of our service, to re-underwrite the claim, as we don't have the expertise to do so. Instead, it is my role to consider the actions AIL have taken, against the evidence available to them, to decide whether they acted fairly and reasonably when offering to settle the claim as they did.

And when doing so, I've made my decision in line with our services approach to policy exclusions. Namely, that the onus is on AIL to evidence that it was fair for them to rely on the mechanical breakdown exclusion they have referenced. Having considered the evidence available to me alongside this approach, I've not been persuaded that AIL were fair to rely on this exclusion, and I'll explain why.

Following the direction to consider the claim, I've seen no evidence to show AIL arranged for a re-inspection of Mr S' vehicle. Instead, further comments from their engineer were sought, based on the inspections that took place in July 2024, which included images and videos.

But crucially, I've seen as part of AIL's original inspections and reports, it was confirmed that the vehicle hadn't been dismantled. Specifically, AIL's engineers' comments explain the engine cover hadn't been removed to allow *"proper inspection of the engine from underneath or indeed put on ramps to allow the room to do so in the area where the fire actually occurred".*

So, I'm satisfied AIL's engineer's comments about Mr S' own mechanics opinion was based on assumptions that were derived from photos and inspections that had taken place several months earlier. And crucially, this was the same evidence used to deem that no fire had taken place, which ultimately it was agreed was incorrect.

Having reviewed all the evidence available to me, I'm satisfied the reasonable action to take would have been to arrange for a new inspection, where the area of the fire could be properly viewed and assessed. But this didn't happen.

Instead, assumptions were made based on the fact Mr S had instructed a cleaning company to clean his DPF, suggesting this was evidence of a fault prior to the fire. But I've seen no evidence that persuades me this was a reasonable conclusion to make. Mr S had a responsibility to maintain his vehicle and I'm satisfied ensuring his DPF was clean, and free from blockages, was part of this.

Having read the invoice from the cleaning company that undertook this work, it explains the DPF clean was completed and regeneration attempted, when the fire started. So, based on this, I'm more persuaded that the DPF was free from any blockages when the fire occurred.

And I'm satisfied this falls more in line with Mr S' own mechanics opinion, who sets out their explanation for the fire being due to a flexible section melting, which allowed for hot gases to escape through a hole.

Because of the above, I've not been persuaded by the evidence presented to me that AIL were fair when relying on the mechanical breakdown exclusion, as I've not been satisfied a mechanical breakdown did take place. So, I'm satisfied AIL have acted unfairly when relying on this exclusion to calculate a reduced CIL payment and I've then turned to what AIL should do to put things right, considering this.

Putting things right

When deciding what AIL should do to put things right, any award or direction I make is intended to place Mr S back in the position he would have been in, had AIL acted fairly in the first place.

In this situation, had AIL acted fairly, I'm satisfied they would have done more to ensure a full inspection of his vehicle was carried out when assessing his fire claim against his policy terms and conditions. But they didn't do this, and I don't think it would be appropriate to allow them another opportunity, considering they have had more than one already.

So, in this situation, considering the evidence available to me, I'm satisfied that had AIL acted fairly they would have calculated a CIL payment based on the work recommended by Mr S' own mechanic. So, this is what I'm directing AIL to do, which includes the oil replacement.

And as it was AIL's decision to offer a CIL payment, rather than arrange the repairs themselves, in line with our services approach this CIL payment should be calculated on a quote Mr S is able to obtain for this work to be completed.

And to consider the length of time Mr S has been without access to these funds to arrange the repairs, AIL should apply 8% simple interest on this amount from 15 August 2024, when his claim should have reasonably been settled, to the date of payment.

Further to this, I'm satisfied AIL's continued failure to offer a fair and reasonable settlement to Mr S' claim would have been both distressing and inconvenient to him. Having reviewed AIL's system notes, I'm satisfied Mr S chased AIL on several occasions following 28 January 2025 to the date of their complaint response for updates, when they were reasonably aware of his wish for his claim to be concluded.

Our investigator recommended AIL pay Mr S a further £100 to recognise the above, which

Mr S accepted. And having considered this recommendation, I'm satisfied it's a fair one that falls in line with our services approach and what I would have directed, had it not already been put forward. So, it's a payment I'm now directing AIL to make.

I also want to acknowledge the additional quotes Mr S has provided to our service, during the investigation process. These were obtained after AIL's complaint response and so, haven't impacted the decision I've reached as they weren't provided to AIL for their consideration initially.

I also want to be clear that if further damage is identified following any dismantling required to complete the repair work I've referred to, I would expect AIL to consider this additional work against the policy terms and conditions, again on the basis that a fire did occur.

My final decision

For the reasons outlined above, I uphold Mr S' complaint about Ageas Insurance Limited and I'm directing them to take the following action:

- Pay Mr S a CIL payment that covers the repair costs he will incur for the damage identified as caused by the fire by his mechanic, including the oil change, less any applicable policy excess;
- Pay 8% simple interest on this amount from 15 August 2024 to the date of payment; and
- Pay Mr S £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 3 September 2025.

Josh Haskey
Ombudsman