Financial Ombudsman Service

The complaint

Mr S complains that Aviva Insurance Limited ("Aviva") hasn't fairly settled the two escape of water claims he made under his Property Owners Policy.

What happened

Mr S holds a Property Owners Policy with Aviva, for a property he rents out.

Having made two claims under the policy for escape of water, he complained to Aviva about the cash settlement it offered. It offered a total of £5,397.57 excluding VAT for the claims, as it felt this was the cost of repairs that were required to reinstate the property.

But Mr S didn't agree. He said other areas of the property Aviva hadn't considered had been damaged by the escape of water. He provided two quotes in the region of around £22,000-£25,000 and requested another surveyor take a look at the works required. He also said he had to vacate his tenants from the property due to the strong smell of damp and mould in the kitchen. In the circumstances, Aviva agreed to cover loss of rent.

In its response to Mr S's complaint, Aviva said that whilst there was a significant difference between their quote and Mr S's quotes, it considered some of the costs Mr S had referred to were not associated with the claim. It said it had already appointed two different surveyors so it wouldn't look to do anything further. It confirmed that the amount it had offered would be sufficient to put right the claim related damage.

Mr S didn't accept Aviva's response, so he referred his complaint to this service. Our Investigator considered the complaint and thought it should be partially upheld. She initially said there was insufficient evidence to show that the dining room had sustained any damage, so it was reasonable for Aviva not to offer anything for that room. And she also said Aviva should increase its offer for the kitchen as essential work had been missed from the quote, and so the offer wasn't currently a fair one. She also recommended Aviva pay Mr S £500 for the distress and inconvenience that had been caused to him in pursuing the matter for several months, whilst his wife was unwell.

Following our Investigator's assessment, Mr S sent in further evidence of the dining room damage. And our Investigator changed her view about the dining room, saying the damage should be covered. Aviva decided to accept the recommendations made and offered to settle the claim in line with the lowest quote Mr S had provided, of £22,602.67 excluding VAT, plus 8% interest per year on that amount from the date Aviva made its first offer to settle the claim, until it paid him the rest. Aviva also agreed to pay Mr S £500 compensation for the distress and inconvenience he experienced, in line with our Investigator's recommendations.

But Mr S didn't accept the offer in full and final settlement of the claim. He said the whole property needed testing for invisible mould spores in case the mould had spread to other areas.

As an agreement couldn't be reached, the complaint has therefore been referred to me for an Ombudsman's 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.

As this is an informal service, I'm not going to respond here to every point raised or comment on every piece of evidence Mr S and Aviva have provided. Instead, I've focused on those I consider to be key or central to the issues in dispute. But I would like to reassure both parties that I have considered everything submitted. And having done so, I'm upholding this complaint. I'll explain why.

The insurance industry regulator, the Financial Conduct Authority (FCA), has set out rules and guidance about how insurers should handle claims. These are contained in the 'Insurance: Conduct of Business Sourcebook' (ICOBS). ICOBS 8.1 says an insurer must handle claims promptly and fairly; provide reasonable guidance to help a policyholder make a claim and give appropriate information on its progress; and not unreasonably reject a claim. It should also settle claims promptly once settlement terms are agreed. I've kept this in mind while considering this complaint together with what I consider to be fair and reasonable in all the circumstances.

Looking at the terms of the policy Mr S holds with Aviva, I can see these say: *"if the Property Insured is damaged, We will pay for the replacement or repair of the damaged portion to a condition as good as, but not better or more extensive than its condition when new."*

Aviva's first offer was considerably lower than the quotes Mr S had provided, so it's clear that there were numerous differences in what was being quoted for. I accept what Mr S has said about his dining room being affected by the escape of water, because I can see from the photos he's sent us that there's evidence of water damage to the floor and ceiling. So I do think this damage needs to be covered.

As Aviva needs to carry out a lasting and effective repair, I also accept what Mr S has said about the kitchen damage. The report he's provided says the kitchen cupboards have been swollen due to the moisture and so I'm satisfied the kitchen needs replacing.

I don't however agree that the entire property needs to be tested for mould. Given the amount of time that's passed, I'd expect to see evidence of visible mould to persuade me that the mould had spread throughout the home as suggested. As there isn't any evidence of visible mould, I find it unlikely that further mould testing would be required.

I'm satisfied, therefore, based on the available information, that replacement of the affected units will resolve the mould issue that's clearly currently present.

I've considered the additional comments and evidence from Mr S – including the environmental scientist's points regarding invisible mould spores. I'm not persuaded that his analysis means Aviva should test every room in case mould has been missed. If Mr S arranges his own tests however, and if these show that the mould has spread, then I'd expect him to put that evidence to Aviva and I'd expect Aviva to fairly consider it.

At present, however, I've no persuasive evidence that the mould has spread and that the rest of the property requires testing. I'm not awarding any other costs as I consider the most recent offer Aviva has made to be fair and reasonable in the circumstances, for the reasons I've explained above.

Mr S has been caused some distress and inconvenience for several months while this claim has been ongoing. I consider £500 compensation to be appropriate in the circumstances, as he's had to deal with the matter whilst his wife has been very unwell, and his difficult personal circumstances will have compounded the distress and inconvenience he experienced when Aviva didn't make a fair offer to put things right at the earliest opportunity.

Putting things right

Aviva Insurance Limited should:

- Settle Mr S's claim in line with the lowest of the quotes he provided, for £22,602.67 excluding VAT. On this amount, it should pay 8% interest per annum from the date of its first settlement offer, until the date it settles the claim in full.

- Pay Mr S £500 compensation for distress and inconvenience.

My final decision

My final decision is that I uphold this complaint and I direct Aviva Insurance Limited to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 21 September 2025.

Ifrah Malik
Ombudsman