

The complaint

Mrs C has complained about the poor standard of work carried out by Aviva's contractors and the cash settlement offered by Aviva following a claim she made under her home insurance policy.

Mrs C has been represented by her husband throughout this complaint. For ease, I'll refer to the representative's comments as Mrs C's own.

What happened

In 2021 Mrs C made a claim to Aviva under her home insurance policy following a fire at her property. Aviva accepted the claim and works commenced to reinstate the property. However, a number of issues arose while the works were ongoing and Mrs C made a complaint about the way her claim was being handled.

She said the standard of work was poor, that the tradesmen were unqualified, that items were not being replaced on a like-for-like basis, that she had not been informed before certain items were replaced, and that a stud wall had been installed instead of a block wall – which Mrs C wanted Aviva to remove and replace with a like-for-like block work wall.

Mrs C also said she had been provided with misleading information about whether the cost of some items could be saved and put towards other items.

Aviva responded to Mrs C's complaint, saying the specific type of blocks that were previously used for the wall were no longer available and didn't conform to modern standards. It said stud walls were the current standard for walls of that type. It also said in relation to Mrs C's concerns about the quality of the work, that it had asked Mrs C for further information – such as details of what hadn't been installed properly and details of the differences between the original items and the ones installed by its contractors. It said this information hadn't been provided to it by Mrs C.

Ultimately, Aviva said Mrs C wasn't allowing works to go ahead, so it had no choice but to cash settle the remainder of the claim amount, which meant the costs could be allocated as Mrs C wanted. But it said it was only obliged to cash settle for the amount it would've cost its own contractors to do the work, so anything over that amount would be for Mrs C to settle.

Mrs C didn't accept Aviva's response, so she referred her complaint to this service. Our Investigator considered her complaint and thought the service provided by Aviva could've been better. He said the issues with the stud wall and the poor communication around its installation caused Mrs C some frustration for which she should be compensated. He recommended Aviva pay Mrs C £200 compensation for the distress and inconvenience this caused her.

Mrs C didn't agree with our Investigator's opinion and recommendations, and asked for the matter to be reviewed. So the complaint was referred to me for an Ombudsman's decision.

I considered the complaint and issued a Provisional Decision on 13 July 2025. I've included

an extract from my Provisional Decision below.

“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.

Aviva is obliged to handle Mrs C’s claim in accordance with the terms of her policy. This says “We will pay for the cost of reinstating, repairing or replacing Your Buildings and/or Contents belonging to You, which are covered by this Policy. We will decide whether to pay to reinstate, repair, replace or pay You the cash value”.

Initially, Aviva chose to reinstate the property using its own contractors, but there were ongoing discussions around Mrs C’s concerns and Aviva ultimately felt that an impasse had been reached. It said Mrs C was preventing its contractors from proceeding with the reinstatement work and it told Mrs C that as there was a disagreement about the various items to be used or the cost of the items, it had no option but to cash settle the remainder of the claim.

Whilst I agree that Aviva is entitled to cash settle the claim, in line with the terms of the policy, if it only gives that option to Mrs C then I don’t consider it fair for it to cash settle for the amount it would cost Aviva to have the work done. This is because Aviva will have access to lower contractor rates and Mrs C will likely be unable to get the required work done for the same amount using her own contractors.

I appreciate Aviva may feel that it provided the option to reinstate, but that this was refused by Mrs C. I understand this position, however I don’t think Mrs C’s concerns were unreasonable. She’s referred to unqualified workers carrying out the work that qualified tradesmen should’ve been doing. One example of this is the tiling which was carried out by a handyman and not a professional tiler. This wasn’t up to the required standard and needed to be taken up and re-done by Mrs C’s professional tilers.

I can therefore understand, given Mrs C’s experiences and concerns, why she wouldn’t be content to continue to use Aviva’s contractors. She’s set out her concerns in some detail to this service as well as to Aviva directly. This includes concerns that Aviva had planned to use the same contractor to lay the flooring and install her kitchen – neither of which the contractor was qualified to do. It follows that I don’t currently consider Mrs C’s concerns to be unfounded and so I don’t think her refusal to have the work done by the same tradespeople was unreasonable.

I do however think Aviva has gone some way to try and allay those concerns. For example, it’s explained that there are policy limits which apply to the cost of tiles, and it asked for more details about the poor quality of work, as well as offering to cover any sharp increases in energy bills as a result of its contractors’ use. But there are some issues which remain outstanding. For example, I’ve considered what Mrs C has said about the price of materials and labour having increased since the quotes were first obtained two and a half years ago. I think in the circumstances, therefore, it wouldn’t be unreasonable for Aviva to obtain new quotes for the remaining work which needs to be carried out and is covered by the policy. It can then make a new offer to Mrs C in line with current rates. And because I don’t currently consider Mrs C’s concerns about Aviva using unqualified tradesmen to be unreasonable, I intend to require Aviva to cash settle at the rate it would cost Mrs C to have the remaining

work carried out – and not at its own contractor rates.

Our Investigator asked Aviva to comment on Mrs C's concerns and no response was received. Guidance from the Association of British Insurers ("ABI") ensures that insurers act in the consumer's best interests when offering a cash settlement. One of the key principles members of the ABI agree to is that insurers need to satisfy themselves that the cash settlement amount offered is satisfactory in light of the estimated costs of reinstating the property. And as there has been clear evidence of poor workmanship in this case, I think the only viable option Aviva has put forward is to cash settle the claim. So I'm currently satisfied that settling for the amount it will cost Mrs C to have the remaining insured work done will be the fairest way forward for the parties and in line with the ABI's guidance.

In relation to the issue of the stud work wall that Mrs C wants replaced with a block wall, I appreciate that Aviva has said the type of blocks used previously are no longer available. However, the benefits of a block wall compared to a stud wall are well known, and I'm not currently satisfied that by replacing the block wall with a stud wall, Aviva has carried out a like-for-like replacement.

Aviva also hasn't shown it's considered the other alternatives put forward by Mrs C. So I'll expect Aviva to consider any alternatives to the stud wall and, if it decides this is still the best option and meets its obligations under the policy terms, I'll require it to explain its reasons for this to Mrs C, with reference to why the other options Mrs C has referred to are not feasible.

Regarding the window boards and sensors, and any other discrepancies in costs, I think Aviva's offer to consider further information about these issues is fair and reasonable. So Mrs C can provide further information to Aviva about the affected items if she wishes.

I also think Mrs C has been caused distress and inconvenience for which she should be compensated. I currently consider the £200 recommended by our Investigator to be a fair amount of compensation in the circumstances, as this reflects the fact that Aviva's contractor carried out some work to a poor standard, which was frustrating for Mrs C and required reasonable effort to put right. Aviva also hasn't explained why the blocks Mrs C suggested were not used – and instead a stud work wall was installed, which was not a like-for-like replacement and which was installed without any prior discussion with Mrs C. So I think the overall service provided by Aviva could've been better."

Mrs C accepted my Provisional Decision, and Aviva didn't respond by the deadline provided. So I've now reconsidered the complaint to reach my Final Decision on the matter.

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 neither party has provided any further information for me to consider, I've reconsidered all the available information and I've reached the same conclusion. I therefore see no reason to depart from my provisional findings, which now form part of this Final Decision, and I uphold Mrs C's complaint.

Putting things right

Aviva Insurance Limited should:

- Obtain a new quote for the remaining work that's required under the claim and cash settle for this amount, which should reflect the amount it would cost Mrs C to have

the work carried out. If Mrs C does not consider that the amount offered will fully indemnify her, then she must obtain her own quote and put this forward to Aviva for its consideration. If a further dispute then arises, Mrs C is free to make a new complaint to Aviva about the cash settlement amount – which can be referred to this service subject to the usual rules and time limits that apply.

- Reconsider Mrs C's suggested alternatives to the stud work wall and if any of these alternatives are viable, Aviva should reconsider the cash settlement amount to account for this and to allow Mrs C to have the wall replaced. If the alternatives are not viable, Aviva must clearly explain why to Mrs C.
- Pay Mrs C £200 compensation for the distress and inconvenience caused.

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 Mrs C to accept or reject my decision before 25 August 2025.

Ifrah Malik
Ombudsman