DRN-5725835

The complaint

Mrs M complains about Ageas Insurance Limited's handling and settlement of a claim under her home insurance policy.

Ageas has been represented by its agents during the claim. All references to Ageas include its agents.

Mrs M has been largely represented by her son in this complaint, but for ease of reference I shall refer to anything that her son said on her behalf to have been said by Mrs M.

What happened

Mrs M had a home insurance policy with Ageas. In October 2023, she discovered a water leak in her kitchen that caused damage, so she made a claim with Ageas.

Ageas accepted the claim and initially offered Mrs M a cash settlement. Mrs M asked for Ageas to carry out the repairs using its repairer. Ageas, following inspection of the damage, compiled a schedule of works (SOW) and estimate in November 2023.

Mrs M complained to Ageas in November 2023. She said its repairer had been rude to her during calls. She no longer wanted to use this repair agent. She also said there had been delays.

Following this, Ageas again offered Mrs M a cash settlement in December 2023. Mrs M said this was not sufficient for the required works.

Ageas issued a complaint response in December 2023. It didn't agree its agent had been rude to Mrs M, or that it had caused delay. It maintained its cash settlement offer was correct and said it could pay this, or use another contractor to carry out repairs.

Mrs M then provided Ageas with her own quotes for works, but Ageas said these needed to be broken down item by item so it could review further.

At the end of January 2024, it paid Mrs M an interim cash settlement of £6,074.38, which was based on its existing cash settlement offer, less Mrs M's policy excess of £500. Mrs M said she carried out the works herself following this, at significant additional cost. She provided photos to show the full kitchen was replaced.

Mrs M referred her complaint to the Financial Ombudsman Service. She said Ageas's cash settlement payment wasn't sufficient to cover all the work, and it had delayed paying a fair settlement despite her having provided quotes. She wanted Ageas to pay the costs she incurred in full, along with compensation.

An Investigator looked into the complaint. They said Ageas should pay a cash settlement based on E's estimate from November 2023, which was £9,352.50 including VAT. They said all the kitchen floor units, fridge/freezer (fridge) and joists were likely damaged by the water leak, so should be included in Ageas's settlement, along with any costs Mrs M incurred in drying her property. In addition, they said Ageas should add the costs to replace the kitchen flooring. So they recommended Ageas pay the difference between this total, and what it had already paid, with interest. And because they said Ageas acted unfairly in its handling of the claim, they recommended it pay Mrs M £200 compensation.

Ageas agreed to consider any evidence of Mrs M's drying costs. It didn't agree there was evidence to show the fridge was damaged by the leak. It said the flooring and joist costs were already included in E's SOW and estimate. But it said a further £600 needed to be deducted from this because this was a specific cost it agreed with its own repairer, for a property that was occupied during works.

Ageas offered to pay a settlement based on E's total estimate of £9,352.50, less the above £600. Taking into account Mrs M's policy excess, and what Ageas had already paid her, this represented a difference of £2,178.12. Ageas therefore agreed to pay this, with interest, along with the recommended £200 compensation.

Mrs M maintained that all the works she carried out to the kitchen were required due to a high level of moisture in the kitchen. She provided an invoice for £7,547.89 which she said didn't include labour for kitchen works or for flooring.

I issued a provisional decision and in it I said:

"I should first set out that I acknowledge I've summarised Mrs M's complaint in a lot less detail than she has presented it. Mrs M has raised a number of reasons about why she's unhappy with Ageas. I've not commented on each and every point she raised but, instead I've focussed on what I consider to be the key points I need to think about. I don't mean any discourtesy by this, but it simply reflects the informal nature of this service. I assure Mrs M , however, that I have read and considered everything she provided.

Under the terms of Mrs M's policy, Ageas was required to provide cover for damage caused by a water leak. I've kept this in mind.

Decision to cash settle

Ageas initially agreed to arrange repairs using its repairer, which I'll refer to as 'S'. Mrs M said S was rude to her so she didn't want it to carry out repairs. I've not seen sufficient evidence to persuade me S was rude, or treated Mrs M unfairly. In any case, in its complaint response in December 2023, Ageas made it clear it was still willing to arrange repairs through another repairer, or cash settle the claim.

Mrs M said Ageas's agents were unable to carry out repairs within a reasonable time, but I've not seen sufficient evidence to persuade me this was the case.

The terms of the policy say Ageas can choose to pay the cost of repairs based on what it would cost Ageas. I think it was fair for Ageas to cash settle Mrs M's claim on this basis in the circumstances, so I've kept this in mind.

Cash settlement amount

Mrs M provided a number of different quotes for the works to her kitchen. I've reviewed all the quotes she provided and I think they all include works and items that wouldn't be covered under the policy, such as additional items and a full replacement of the entire kitchen, including undamaged items.

I've also reviewed photos of the completed works to the kitchen and I'm satisfied the works carried out included substantial changes to the previous kitchen, such as a kitchen island,

and flooring that extends into the living room space, where previously the kitchen flooring was different to and separated from the living room. Given that Ageas's responsibility is limited to its cost to repair the damaged items, I'm not persuaded Mrs M's quotes are a fair indicator of the cost of the insured works.

I agree with the Investigator that E's estimate from November 2023, based on its SOW, is a fairer reflection of the insured works, and the total cost of this. I say this because the SOW was based on a site visit to confirm what was damaged by the water leak, and was therefore covered under the policy. I accept there is a dispute over what was damaged, and I've covered this below.

Mrs M said she had to replace the floor joists in the kitchen due to water damage. Ageas said E's SOW (and estimate) included the costs to replace the joists. And having reviewed the evidence, I'm satisfied this was the case. So I don't consider Ageas needs to add any further costs for this on top of E's estimate.

E's estimate includes the cost to replace the two damaged floor units in the kitchen, that were closest to the water leak. I've seen pictures taken by Ageas's agent in October 2023, and I can see they show recent water damage to these two units.

The Investigator said it was possible other floor units were damaged by the water leak. But having reviewed the available pictures from October 2023, of the kitchen following the water leak, I'm not satisfied they demonstrate there was damage, or likely damage, caused by the water leak to other floor units, further away from the source of the leak. I consider the pictures show the other units showed signs of wear unrelated to the recent water leak. And I agree with Ageas that given these units were sat on legs and not in direct contact with the source of the leak, they'd be unlikely to have suffered damage from the leak.

I also can't see from the pictures, or the other available evidence, that the water leak would've caused damage to the kitchen wall units or the wall tiles. Mrs M said water damage caused deterioration based on high moisture levels, but I've not seen evidence to persuade me this was the case. She said there were readings of 99% moisture, but I've not seen evidence to show there were such readings on the units Ageas didn't agree to cover, or on other areas like the wall tiles. Mrs M said the other units couldn't be reinstated and the whole kitchen was water damaged, but I've not seen sufficient evidence to persuade me this was likely the case.

Turning to the fridge, the Investigator said this too could've been damaged by the water leak. But having reviewed the photos following the water leak, I'm not satisfied there's evidence to show water damage was caused, or was likely to have been caused to the fridge. I agree with Ageas that given the fridge was likely made of different, more water-resistant material (metal) to the kitchen units, it was unlikely to have been damaged by the water leak. And Mrs M hasn't provided sufficient evidence to persuade me the fridge was damaged, or damaged beyond repair, as a result of the leak. So I don't agree that Ageas needs to cover the cost of replacing the fridge.

The Investigator said Ageas should include the flooring costs for the kitchen. But Ageas has correctly pointed out the disposal and replacement of the wood flooring, and the vinyl on top, was included in E's SOW and estimate. So I don't agree Ageas needs to add any further costs for this on top of E's estimate.

Ageas also said there was a cost of £600 included in E's estimate to account for costs agreed with its contractor where they carry out works on an occupied property. Given that Ageas's contractor didn't carry out the works, and Mrs M said she stayed with a family member during the works, I agree it's fair for this cost to be deducted from E's estimate to *calculate a fair cash settlement.*

Overall, for the reasons outlined above, I think a fair overall cash settlement would be E's total estimate of £9,352.50, less the £600 cost outlined above, and less Mrs M's policy excess of £500. This comes to £8,252.50. Ageas paid Mrs M an interim settlement of £6,074.38 in January 2024, which means a difference of £2,178.12. So this is what I will direct Ageas to pay. And because I consider Mrs M was unfairly without this additional amount, I think Ageas should pay interest on this.

Alternative accommodation (AA)

Mrs M said Ageas didn't provide AA or a meal allowance. But the evidence I've seen doesn't show the property was rendered uninhabitable following the leak.

E's SOW and estimate shows the insured work was likely to take up to 15 days. And during this time, I consider Ageas could reasonably have arranged for things like temporary cooking facilities.

The Investigator said Ageas should've done more to assist Mrs M. But because Mrs M chose to get the full kitchen replacement works carried out, without Ageas's approval, and without notifying Ageas of the start date in advance, I think Ageas was deprived of the opportunity to consider appropriate support in the circumstances. So I don't consider there was anything more Ageas could reasonably have done in the circumstances.

Drying costs

It is not disputed there was a water leak that caused damage to Mrs M's property. Ageas agreed to cover the cost of any drying works Mrs M paid for, before repairs were carried out. I see no good reason to interfere with this outcome, so I will direct Ageas to do this.

Compensation

For the reasons outlined above, I think Ageas acted unfairly in offering and paying Mrs M a cash settlement in January 2024 that was unreasonable. And I can see it accepted there were delays in it reviewing the quotes Mrs M provided.

Overall, I'm satisfied Ageas's mistakes caused Mrs M avoidable distress and inconvenience. I think the impact on Mrs M was greater given her specific health and the loss of her partner. I have a lot of empathy for Mrs M in her circumstances. I agree there were some mistakes on Ageas's part which meant she was treated unfairly. And I agree with the Investigator it should pay Mrs M £200 compensation in recognition of this."

Mrs M replied to the provisional decision to say she felt the decision didn't take into account the full costs. But she didn't provide any further information to support this. Instead, she asked that the interest on the difference be paid from when the claim was first made in October 2023.

Ageas, in response to the provisional decision, sent us a copy of its contractor's comments after the initial surveying appointment.

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.

Mrs M asked that interest on the difference be paid by Ageas from when the claim was first made. But the reason I said Ageas should pay interest on the difference (£2,178.12), was based on Mrs M having been unfairly without this additional amount. And because she'd been without this additional amount from the date the interim settlement was paid, I consider it fair for interest to be applied from that date. The information Mrs M provided shows the interim payment was made on 31 January 2024. So I consider it fair that interest is applied from this date.

I've also reviewed what Ageas sent in response to the provisional decision, and I don't consider it includes any information to persuade me to change the overall outcome in my provisional decision.

For the reasons outlined above, having reviewed the further information, apart from the date interest is to be applied from, I've come to the same conclusions I outlined in my provisional decision.

My final decision

My final decision is that I uphold this complaint and require Ageas Insurance Limited to:

- Pay Mrs M £2,178.12.
- Add interest to the above at the rate of 8% simple per year, from 31 January 2024 to the date of settlement.*
- Reimburse any reasonable drying costs Mrs M incurred, provided she can show evidence of this.
- Pay Mrs M £200 compensation.

* If Ageas considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs M how much it's taken off. It should also give her a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 27 August 2025.

Monjur Alam
Ombudsman