DRN-5746026

The complaint

Mr M and Mrs M complain about Ageas Insurance Limited's handling of a claim made after an escape of water at their home.

What happened

Communication on this complaint has been from Mrs M, so I'll mainly refer to her alone throughout this decision, rather than Mr M and Mrs M. This is simply so that the decision is easier to read.

The background to this complaint is well known to both parties, so I'll provide only a brief summary here.

At the relevant times, Mr M and Mrs M had a home insurance policy underwritten by Ageas, to cover their home and its contents.

They made a claim after an escape of water from their bathroom. A bath had been left to run and forgotten, causing a large amount of water to overflow. This damaged the floor of the bathroom and caused the ceiling in the room below to collapse. This in turn damaged the contents of that room, including a carpet / rug, TV, piano and items of furniture.

Mrs M says she was given confusing and contradictory information by Ageas and/or their agents after the claim was made. She says she was told the claim would be settled after inspection of photographs she sent in, but then Ageas sent out agents to inspect the damage. Those agents appear to have been entirely unclear about which items they were to inspect and why.

Ageas then made an offer to settle the claim which wasn't to Mrs M's liking. I'll return to this below and set out what I think are the remaining issues.

So, Mrs M made a complaint to Ageas. They admitted some misunderstandings and miscommunications and minor delays. And they paid Mr M and Mrs M a total of £250 in compensation. But they maintained that their stance on the settlement of the claim was correct.

Mrs M then brought her complaint to us. She thought the compensation paid by Ageas was too low given the degree of frustration and inconvenience she and Mr M had experienced.

She thought the settlement offer from Ageas for a damaged sofa bed – and for the repairs to the tiled bathroom floor and redecoration – were too low. And she disagreed with Ageas' decision that they wouldn't cover a damaged carpet / rug.

Our investigator looked into it and thought Ageas hadn't acted entirely fairly towards Mr M and Mrs M.

He thought Ageas should pay a further £150 in compensation for Mr M and Mrs M's trouble and upset. And he said they should re-assess Mrs M's claim for the sofa-bed.

But he thought their offer for the tiling and redecoration was fair. And he said Ageas' decision to decline the claim for the carpet / rug was fair and reasonable.

Mrs M disagreed and asked for a final decision from an ombudsman.

I agreed with our investigator that the complaint should be upheld. But my reasons for coming to that conclusion were different. I also took a different view about what Ageas needed to do to put things right for Mr M and Mrs M.

So, I issued a provisional decision. This allowed both Ageas and Mr M and Mrs M a chance to provide more information or evidence and/or to comment on my thinking before I issue my final decision in this case.

My provisional decision

In my provisional decision, I said:

> "I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.
>
> There are a number of elements of this claim that have been settled without any dispute. I'll concentrate here on the issues that remain unresolved, and I'll set out my current thinking below.
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> *The carpet / rug*
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> Ageas' agent (for repair or replacement of furniture or furnishings) initially told Mrs M the cost of replacing the carpet / rug would be covered. It appears they subsequently found out that the cost of a replacement was over £5,000. And Ageas then told Mrs M it wasn't covered.
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> Mrs M thinks Ageas should be bound by the promise made by their agent. I don't agree with that. Errors are sometimes made and, whilst compensation might be appropriate to account for disappointed expectations, it's often unfair to require a business to keep a promise made in error by an individual employee or agent.
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> However, in this case, Ageas believe the agent made an error because the policy (as written) would never have covered any single item like the carpet / rug if it would cost more than £1,500 to replace. And I don't agree with that.
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> Ageas' logic isn't entirely apparent to me from what they've said to us or to Mrs M. But it appears they're declining the claim for the carpet / rug because it's worth more than £1,500 - and so should have been specified by Mrs M in her policy schedule (at which point Ageas might have adjusted the premium).
>
> And it appears they're saying it ought to have been specified because either: (a) *all* items worth over £1,500 should be specified; or (b) *all high risk* items worth over £1,500 should be specified.
>
> There is a statement in the policy (where it lists what is covered and what is not) which says that the most Ageas will pay for any one item is £1,500 unless it's specified in the policyholder's Statement of Fact. It's not clear, in my view, whether that relates to all items or only high risk items – at least not from the policy terms alone.

However, in the Statement of Fact (to which the policy terms point), one of the questions to be answered by the policyholder is:

> *"Is £1,500 sufficient to replace any single high risk item in the home as new?"*

The note to that specific question (about high risk items) says:

> *"If the replacement value of any one item exceeds £1,500 it must be specified or you will not be covered."*

All of that leads me to conclude that the most natural reading of the policy documentation (taken as a whole) is that high risk items worth more than £1,500 will not be covered unless specified. The only definition of specified items in the policy terms says these are items specified in the schedule and gives no further clues as to what those items might be.

To be clear, if Ageas were claiming that Mrs M's carpet / rug isn't covered because it's worth more than £1,500 – and all such items should be specified – I think they're on very shaky ground.

At best, it's (highly) ambiguous whether the policy terms support that approach. And if there is any ambiguity, we tend to think the benefit of the doubt should go to the policyholder (the non-expert in insurance matters).

That may be a moot point anyway, because when they have attempted to articulate their reasons for declining cover for the carpet / rug to Mrs M, Ageas appear to be saying that the carpet / rug is a high risk item, worth more than £1,500, and so should have been specified by Mr M and Mrs M when they bought the policy.

High risk items are defined as follows in the policy terms (in the Section *Words with special meanings*):

> *"The risk of potential theft of, or damage to, the following items is higher than normal, so they are treated differently: jewellery, precious stones, articles made from gold, silver and other precious metals, clocks, watches, furs, photographic equipment, business equipment, binoculars, telescopes, musical instruments, curios (small articles of curiosity or special interest, valued as a collector's item), pictures and other works of art, guns and collections of stamps, coins or medals."*

Neither carpets nor rugs are in that list. And there's no indication that the list isn't exhaustive. Even if the list were simply a list of examples, it's difficult to see how Mrs M's large hand-woven rug is at higher than normal risk of theft (it's not especially easily portable or an obvious target for a speedy theft) or damage (any more than a fitted carpet might be).

So, I'm satisfied that Mrs M's carpet / rug is not a high risk item, as defined in the policy terms. And so, it isn't an item that needed to be specified (in order to be covered) because of its value (over £1,500).

As things stand - and unless I get a compelling reason to change my mind in response to this provisional decision - I'm minded to conclude that Ageas need to pay to replace Mrs M's carpet / rug (like-for-like and new, as per the policy terms).

The tiling and redecoration

Mrs M arranged for the ceiling to be repaired, as a matter of urgency, and Ageas have covered the cost of that. The other repairs – which are a remaining bone of contention – are to the tiled bathroom floor and the decoration.

Ageas made an offer to cash settle those repairs at, I believe, just over £1,000. It's clear from the relevant phone call between Ageas and Mrs M, that Ageas calculated that sum based on the square footage provided by Mrs M. And that they used some sort of standard list of repair costs.

It's also clear from earlier phone calls, during which Mrs M was told about the long waiting times for Ageas' contractors (and from other evidence), that it was Ageas who wanted to cash settle the claim, rather than Mrs M. My impression is that Mrs M would have been more than happy to have Ageas' contractors carry out repairs had they been available within a reasonable timeframe.

It's our view that where the insurer suggests a cash settlement, they should pay a settlement amount which reflects the costs incurred by the policyholder in getting the work carried out, rather than the costs the insurer would have incurred by using their own contractors (at reduced rates).

I am assuming (and if I'm wrong, no doubt Ageas will point that out in response to this provisional decision) that when Ageas' agent told Mrs M that she was going to calculate the settlement offer by reference to the standard list of repair rates, she may well have been using the costings provided by Ageas' own suppliers (or something similar).

If so, I'm minded to require Ageas now to pay the actual cost of the repairs paid for by Mrs M (assuming these have been completed now). If Mrs M hasn't yet had the work completed, I'd expect Ageas to approve and pay for any reasonable quotation provided by Mrs M.

The sofa-bed

Mrs M says the damaged sofa-bed cost £3,000 some years ago – and an equivalent item would now cost in excess of £4,000. She doesn't have a receipt because it was inherited.

Given that there's no receipt, Ageas' agents have suggested a payment of around £750 to purchase an equivalent item from them.

It's not clear how they got to that position because when they visited the property to carry out their inspection the sofa-bed was wrapped to prevent further damage from the ceiling repairs. It's very clear, by the way, that Mrs M told them this before they visited and they said they'd carry out the inspection anyway.

I have some reservations about why the sofa-bed was wrapped to prevent further damage when Mrs M had made a claim that it needed replacement. However, I assume she may have wanted to avoid any suggestion that the damage had been caused by the ceiling repairs rather than the earlier ceiling collapse. And/or that she was hedging her bets until the claim was accepted.

It appears Ageas' agents have offered the cost of the cheapest possible replacement sofa-bed available through them. And there's no real justification for that given that they haven't inspected Mrs M's sofa-bed and have no idea about its make or quality.

Our investigator said Ageas should re-consider this part of the claim. And make an offer somewhere between their own original offer and the amount Mrs M was claiming for a like-for-like replacement.

I don't disagree in principle, although the only way that would work in practice is if Ageas' contractors attended the property again to inspect the sofa-bed and assess its quality and functionality etc.

To be frank, Mrs M has been confronted already in this claim journey with numerous inspection visits and/or aborted inspection visits, through no fault of her own. And her claim hasn't yet been fully settled (more than a year after it was made).

In short, Ageas (and/or their agents) have had more than sufficient opportunity to (properly) inspect the sofa-bed before now. And I'm not minded to give them yet more time to settle the claim.

So, I'm minded as things stand to require Ageas to either pay the cost of the specific replacement sofa-bed identified by Mrs M or identify a similar model (of the same quality and functionality) through their own suppliers and pay Mrs M the cost of acquiring that. At that point, of course, the current sofa-bed would become Ageas' property.

Compensation for trouble and upset

Ageas paid Mrs M £250 in compensation for her trouble and upset. Our investigator thought it should be increased to £400 in total. I'm inclined as things stand to suggest a further increase to £500 in total.

Our approach to compensation for trouble and upset is set out on our website. We think awards of between £300 and £750 are appropriate where a customer has been caused considerable distress, upset and worry - or significant inconvenience and disruption – over many weeks or months, as a result of a business's mistakes.

I've listened to the phone calls between Mrs M and Ageas. It's evident that Mrs M is very frustrated at times during those conversations – most often with some justification.

The information she's been given by Ageas is confusing and/or contradictory at times, and it provides no real explanation for many of Ageas' decisions about the claim. There are also numerous attempts to blame Ageas' suppliers for any issues – almost as if Ageas weren't responsible for those suppliers when they were handling a claim from Ageas' customer.

There have been times in this claim where Mrs M has been dealing with three or more organisations, none of which appears to be aware of what the others are doing (or why).

That was both inconvenient (as Mrs M had to explain – often repeatedly - to each party what was happening in the claim). And it caused justified frustration and concern over whether anyone actually had a grip on the claim at all.

I also bear in mind that Mrs M was initially told that her claim for the carpet / rug would be settled, which led to disappointed expectations when Ageas declined that part of the claim.

Bearing all of that in mind, I think an award roughly in the middle of the £300-£750 category (as described above) is fair and reasonable compensation for Mr M and Mrs M's trouble and upset. And so, I'm minded as things stand to set that compensation award at £500.

Finally, I'm aware Mrs M has more recently expressed her dissatisfaction that her home insurance premiums have gone up as a result of the claim. I can't consider that here because Mrs M hasn't made a complaint about that issue specifically.

However, I would ask Mrs M to understand that insurance is based on evaluations of risk. At risk of oversimplifying it, the greater the risk to the insurer, the higher the premium.

It wouldn't be unreasonable for insurers to assume a higher level of risk (and ask for a higher premium) where the prospective policyholder has previously made a reasonably costly claim relating to an accident where a bath was left to overflow for several hours causing very considerable damage."

The responses to my provisional decision

Ageas responded to my provisional decision simply to say that they agreed to the outcome I proposed.

Mrs M also responded. She explained that the sofa-bed had been covered prior to the ceiling being repaired because there hadn't at that point been a chance to determine what items of furniture were going to be thrown out and/or to then take them out of the house.

She said the sofa-bed had however since then been taken to the local dump. And so, it was impossible now to return it to Ageas, whether or not it was now technically their property.

And she asked whether she ought now to obtain new quotes for the tiling and re-decoration works – or whether the information she'd previously provided would suffice.

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.

Given Ageas' acceptance of my provisional decision, there's no cause for me to now change my mind about the outcome or about what Ageas need to do to put things right for Mr M and Mrs M.

I fully accept Mrs M's explanation about why the sofa-bed was covered prior to the ceiling repairs. And, I also understand why it has already been dumped. For the sake of complete clarity, I don't expect Ageas to refuse payment for the replacement sofa-bed on the basis that Mr M and Mrs M can't give them the original sofa-bed now.

To answer Mrs M's question about the tiling and re-decoration works, she can provide an updated quotation to Ageas if she thinks they price will have gone up since she previously told Ageas how much it would cost. But otherwise, Ageas will no doubt tell her whether they have everything they need to validate the costs associated with that part of the claim now – and, if not, what she needs to provide.

Putting things right

I said in my provisional decision that I was minded to require Ageas to settle the claim for the carpet / rug, the remaining repairs, and the sofa-bed - in the way I'd described. And to pay Mr M and Mrs M a further £250 in compensation for their trouble and upset (in addition to the £250 they've already paid).

I have no reason now to change my mind about that outcome – which I'll repeat in detail in the section immediately below.

My final decision

For the reasons set out above and in my provisional decision, I uphold Mr M and Mrs M's complaint.

Ageas Insurance Limited must now:

- settle the claim for the carpet / rug at the replacement cost identified by their own agents;

- settle the claim for the repairs to the tiling and redecoration at the (reasonable) cost incurred (or to be incurred) by Mr M and Mrs M;

- settle the claim for the sofa-bed by paying for the like-for-like replacement identified by Mrs M, or provide Mr M and Mrs M with the means to purchase an item of the same quality and functionality from their own supplier; and

- pay Mr M and Mrs M a further £250 (making a total of £500) in compensation for their trouble and upset.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs M to accept or reject my decision before 8 September 2025.

Neil Marshall
Ombudsman