

The complaint

Mr C and Ms J complain about the amount Aviva Insurance Limited (Aviva) has offered to pay to settle the claim they made under their home insurance policy.

This complaint has been bought by both Mr C and Ms J, but as Mr C has been leading in this complaint and for ease, I've referred to him throughout.

What happened

The circumstances of this complaint will be well known to both parties and so I've summarised events.

In August 2024 Mr C reported a claim to Aviva after suffering a leak in his bathroom. Aviva created a schedule of repairs and discussed this with Mr C. On 30 September 2024 Aviva offered Mr C a settlement of around £3,750 excluding VAT for repairs. It also offered to instruct one of its contractors to carry out repairs.

Mr C didn't accept this offer as he didn't think it reflected the costs to repair his bathroom. He said when the damaged area was repaired it would cause further damage which would also need to be repaired. Aviva then arranged for an inspection of Mr C's property to be carried out. Following this inspection Aviva offered Mr C a settlement of around £5,750 excluding VAT.

Mr C didn't accept this offer as he thought some repairs hadn't been included and it wasn't enough to have the repairs carried out. Aviva reviewed this and offered Mr C another settlement of around £6,500 excluding VAT for repairs. Mr C didn't think this offer was reasonable and so didn't accept it. He said the bath and worktop would be damaged once it was removed and the settlement didn't include costs for replacing the coving. Mr C raised a complaint.

On 4 November 2024 Aviva issued Mr C with a final response to his complaint. It said the settlement Mr C had been offered was correct and in line with the terms of the policy. It said if Mr C provided evidence the bath was damaged following its removal it would be taken into consideration. It also said it had identified times Mr C had to chase it for a response and so it offered him £150 compensation.

Mr C didn't think this was reasonable and so referred his complaint to this Service. He also responded to Aviva as he didn't think it had appropriately responded to all the points he had raised. Aviva subsequently offered to increase the compensation it had offered by a further £100, bringing the total compensation it had offered to £250.

On 20 January 2025 Aviva issued Mr C with another final response to his complaint. It said it didn't think it had appropriately addressed all of the points Mr C had raised and so offered him a further £200 compensation in addition to the £250 it had previously offered.

Our investigator looked into things. He said he thought the settlement offer Aviva had now made was reasonable and the labour costs were in line with the quote for repairs Mr C had

provided. He said he thought it was reasonable Aviva hadn't included the costs of a replacement bath but had said it would consider this if Mr C evidenced it was damaged during repair. He also said he thought the £450 compensation Aviva had offered was reasonable in the circumstances.

I issued a provisional decision about this complaint and I said:

'I want to acknowledge I've summarised Mr C's complaint in less detail than he's presented it. I've not commented on every point he has raised. Instead, I've focussed on what I consider to be the key points I need to think about. I mean no discourtesy by this, but it simply reflects the informal nature of this Service. I assure Mr C and Aviva I've read and considered everything that's been provided. I've considered the key points separately.'

Claim Settlement

The terms of Mr C's policy explain if Aviva is able to repair, rebuild or replace his property but agrees to settle a claim using cash, it will only pay what it would cost it to repair, rebuild or replace the property. I can see Aviva did offer Mr C the opportunity to use its own contractors to carry out repairs but Mr C chose to receive a cash settlement. As it was Mr C's decision for his claim to be settled in this way, I think it's reasonable for Aviva to pay a settlement based on what it would have paid its own contractor to carry out repairs.

Aviva's most recent settlement offer was around £6,500 excluding VAT. It said if Mr C was charged VAT it would pay the VAT on receipt of a VAT invoice. So, I've considered whether this settlement is reasonable in the circumstances.

Mr C doesn't believe the settlement is enough to cover the cost of labour and materials. However, Aviva have provided this Service with a costed schedule of works and I'm satisfied this shows the amount Aviva would pay for its own contractor to carry out the repairs to Mr C's property. I acknowledge Mr C has received his own quotes for repair which are higher than the settlement Aviva have offered. I don't think this is unusual as many insurers will have agreed rates with the contractors it uses. And as explained, Aviva only need to pay Mr C what it would cost for it to carry out the repairs, not the amount Mr C is able to have repairs carried out for.

I know Mr C is disappointed Aviva haven't agreed to provide him with a fully costed schedule of works as it has said it is commercially sensitive. I think this is a reasonable position for Aviva to take, but I can assure Mr C I have considered the schedule of works carefully when reaching my decision.

Mr C has said the settlement he was offered hasn't included a cost for replacing the coving in his bathroom. Having reviewed the schedule of works provided I can see painting of the coving has been included, but not its replacement. I've raised this with Aviva and it has agreed the replacement of the coving should be included in the settlement. So, I require it to pay Mr C an additional settlement for removing and replacing the coving in his bathroom.

Mr C has said Aviva failed to include costs for a replacement bath or worktop, both of which were going to be damaged when removed. Aviva has said if Mr C provides it with evidence these items were damaged due to the repairs required it would consider this. I think this was reasonable in the circumstances as these items may have been able to be refitted if undamaged during the repair.

Mr C has provided this Service with images he says show the bath was damaged following its removal. He's also provided images he says show the ceiling was unavoidably damaged during the repair. Aviva have said it can consider these items if Mr C provides it with the evidence for review. Mr C should provide this to Aviva so it can consider this.

Claim handling

Aviva have acknowledged it hasn't handled Mr C's claim as well as it should have done. It has said it didn't always respond to Mr C in time, and it didn't appropriately address all of the issues he had raised. It has offered Mr C a total of £450 compensation and so I've considered whether this is reasonable to acknowledge the impact to Mr C.

Based on the evidence provided I don't think Aviva have always handled Mr C's claim as well as it could have done. I can see it provided Mr C with misleading information about whether it would require an in-person visit to his property and Mr C had to chase for a response to his emails on more than one occasion. Mr C has also had to spend unnecessary time highlighting issues with the schedule of repairs which resulted in higher settlements being offered. I think this could have been avoided had Aviva ensured it had included all of the repairs necessary within the settlements it was offering.

When taking into consideration the unnecessary time Mr C has spent during his claim, and the distress he has been caused, I think the £450 compensation Aviva have offered is reasonable in the circumstances. I think compensation of this amount is reasonable in circumstances when a business's errors have caused considerable distress and have resulted in unnecessary effort to sort out which I think is the case here.'

Aviva didn't provide any further evidence or arguments for me to consider. Mr C responded to my provisional decision to say he didn't agree with it. He provided a detailed response but in summary he said:

- The decision should include details of the complaint he raised about this Service.
- The conclusions made in the provisional decision relied on information which hadn't been provided to him. He didn't consider it fair for the complaint to be determined on this basis.
- He didn't believe the fully costed schedule of works was commercially sensitive.
- The decision should explain how I reached the conclusion Aviva's schedule for costed works was reasonable.

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've reached the same outcome to the one I reached previously for much the same reasons.

Mr C has said he believes the decision should make reference to a complaint he raised about this Service. My decision focuses on the merits of Mr C's complaint about Aviva and so I've no comment to make about this.

I acknowledge Mr C has said he hasn't received information as part of his complaint and so

has been unable to comment on it. However, I'm satisfied Mr C has been provided with all of the information necessary for him to provide his comments on the complaint. The only information Mr C has requested which hasn't been provided to him is a fully costed schedule of works.

The fully costed schedule of works includes sensitive information about Aviva's pricing arrangements with its contractors. So, I'm satisfied it's reasonable for Aviva to conclude this is commercially sensitive, and don't require this to be shared with Mr C.

As explained, I've carefully considered the fully costed schedule of works. I can see it includes all of the repairs Aviva have agreed to carry out, minus the replacement coving I now require Aviva to include. It also includes a breakdown of the number of hours the repairs will take to complete, and the rates Aviva would pay its contractors to carry out these repairs. So, I'm satisfied Aviva have been able to demonstrate what it would pay its contractors to carry out the repairs to Mr C's property.

So, for the reasons set out in my provisional decision and above, I require Aviva to pay Mr C an additional settlement for removing and replacing the coving in his bathroom. It should also pay Mr C a total of £450 compensation, minus any compensation payments it has already paid, if it hasn't done so already.

My final decision

For the reasons I've outlined above I uphold Mr C and Ms J's complaint about Aviva Insurance Limited. I require it to:

- Pay Mr C and Ms J an additional settlement for the removal and replacement of the coving in their bathroom based on what it would pay its contractors to carry out this repair.
- Pay Mr C and Ms J a total of £450 compensation that it has offered to pay if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Ms J to accept or reject my decision before 14 October 2025.

Andrew Clarke
Ombudsman