

## **The complaint**

Mr T complains about AA Underwriting Insurance Company Limited's ("AA") handling of his home insurance claim following an escape of water; his complaints include delays and the settlement amount offered.

AA is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of AA's agents. As AA accept it is accountable for the actions of its agents, in my decision, any reference to AA includes its agents.

## **What happened**

In January 2025, Mr T's property was damaged when there was a leak from pipework upstairs. Mr T notified AA of the damage, and provided photographs, videos and reports from two contractors so AA could assess the damage.

AA appointed its loss adjustor to validate the claim. Drying equipment was installed and a surveyor inspected the damage. Following validation of the claim AA declined to cover the damage to the kitchen and cupboards. AA did make a settlement offer of around £2,400 for the part of the claim it accepted, and this was later increased.

Mr T wasn't satisfied with the settlement offer and the way the claim was handled – there were delays and miscommunication, and he had to chase for updates. He said he provided clear, visual and structural evidence of the damage. Mr T wants AA to fully reimburse him for the work he has commissioned – approximately £21,000. So he complained.

In response to his complaint, AA said it wasn't able to uphold the element relating to the settlement. However it accepted there were some delays and occasions when the case handler hadn't responded to Mr T's emails. It paid Mr T £325 for the distress and inconvenience caused. AA increased this to £750 in total after the complaint was referred to this Service.

Mr T didn't agree with AA's response so asked our Service to consider his concerns. Our Investigator concluded AA had largely acted reasonably and in line with the terms of the policy. The Investigator agreed there were some delays and mistakes made in the handling of the claim, but thought the compensation offered was fair when considering the distress and inconvenience caused.

Mr T didn't agree. He said AA's handling of the claim left him in an impossible position. The delays and failure to send correct contractors left him with no choice but to instruct his own builders. Mr T was also unhappy with the disparity between the quotes obtained and the settlement offered. Because Mr T didn't agree the complaint has come to me to decide.

## **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.

I should explain that I won't be repeating the entirety of the complaint history here in my decision, or commenting on every point raised. Instead, I've focussed on what I consider to be the key points that I need to think about in order to reach a fair and reasonable conclusion.

This reflects the informal nature of this Service, and our key function; to resolve disputes quickly, and with minimum formality. However I want to assure both parties I've read and considered everything provided.

### *Claim delays*

Mr T is concerned about a five month delay with his claim. AA have accepted there were some avoidable delays in its handling of the claim and offered Mr T £750 compensation for this which I think is reasonable and in line with our published guidance on awards.

### *Claim decline*

There is no dispute that there has been an escape of water and damage as a consequence of the leak. However, I haven't seen anything which persuades me the damage to the kitchen, flooring and cupboards is as a result of the escape of water from the upstairs pipework. I say this because the evidence I've seen doesn't definitively confirm a link.

When considering Mr T's complaint, I have relied on the expert opinions provided. I understand Mr T strongly believes the escape of water caused damage to the kitchen ceiling, flooring and kitchen cupboard.

AA's contractor initially attended Mr T's property. The report confirms moisture damage visible in the playroom, hallway and kitchen. It notes elevated moisture readings found in the playroom and hallway. There was no elevated moisture found in the wood flooring, or in the kitchen units. The report also confirms the moisture damage found on the kitchen units was not consistent with the claim.

AA has a report from its surveyor who attended Mr T's property in early February 2026. The report notes, "*damage shown in the hall and toy room seem to be two different causes as there is no damage between the two areas and the damage looks older than suggested. There was no evidence of water damage to the floors in the toy room or the hall. The water damage to the ceiling of the kitchen area is minimal and looks more recent. The customer claimed damage to a door of the base unit under the sink was related but not consistent*".

In the scope of works dated 14 March 2025 there is a note under the heading 'kitchen/dining room' that says, "*water stains on the painted plasterboard ceiling. There are cracked floor tiles and damage to cupboard door under kitchen sink which are not consistent with the water ingress and appear to be pre-incident*".

Mr T says the damage to his kitchen ceiling, flooring and kitchen units can be attributed to the leak he is claiming for. AA have said, based on the information from its surveyors, the damage is not consistent with the leak. Mr T has not been able to provide any evidence to support that, apart from quotes from his contractor, and I don't think that's sufficient. I say that because the quotes are based on Mr T's instructions of what scope of work is needed, and not a report on the cause of the damage.

So, having considered the expert opinion provided, I'm more persuaded by AA's view of the damage caused by the leak. I think it was fair for AA to rely on its contractor to help inform its decision. And I don't think it was wrong for AA to decline to repair the kitchen and flooring. It is entitled to do this by the policy terms. So, I think it has acted in a reasonable way here.

### *Claim settlement*

I've considered the reports available. AA declined the damage to the kitchen and flooring on the basis of the evidence it had available. Its surveyor prepared a schedule of works based on the damage covered by the policy and made a cash settlement offer based on this schedule.

Mr T obtained quotes for the work from his own contractor which detail significantly more work being required than AA's surveyor recommended. It also included reinstatement work that isn't covered by the terms of the policy.

AA referred Mr T's quotes to its surveyor and amendments were made to the schedule to incorporate additional costs for the ceiling joists. AA's surveyor didn't note any damage to the kitchen, flooring, or cupboard. So, I'm satisfied that AA considered the schedule prepared by Mr T's contractor and made amendments to the remedial work its surveyor considered reasonable. Mr T remained dissatisfied so AA offered a further appointment with the surveyor to reassess the damage. But Mr T appointed his own contractor to carry out the work before an appointment could be agreed.

Mr T made it clear that he would use his own contractor to carry out the work and AA offered to settle the claim by making a cash in lieu payment. The policy terms and conditions say:

*"If we make a cash payment, we will only pay you what it would have cost us using our suppliers and therefore the amount you receive may be lower than the cost charged by your suppliers."*

This isn't an unusual term in buildings insurance policies, and we don't consider it unreasonable as insurers have preferential arrangements in place with suppliers to keep claim costs down. But we expect insurers to offer the use of its network supplier, rather than forcing a cash settlement on the consumer.

AA has confirmed its contractor could carry out the remedial work. So it's reasonable for AA to base its cash-settlement offer on the contractor's estimated cost. And if the contractor identified any additional work once on site, I'd expect AA to assess that as part of the claim.

### *Conclusion*

On the basis of the evidence available I'm not persuaded AA have assessed the claim unreasonably or that its cash settlement offer is unfair. If Mr T provides further evidence such as his own surveyor's report I'd expect AA to consider this.

I've thought about everything Mr T has said about AA's handling of his claim and how he's been impacted as a result. In claims of this nature there is always going to be a certain amount of disruption and inconvenience. In this case AA have accepted there were some avoidable delays and mistakes during its handling of the claim. AA apologised for this and awarded compensation.

AA's surveyor reviewed the schedule of work and made amendments and the cash settlement offer was increased. And while Mr T doesn't agree with AA declining parts of the claim, I think given the evidence, it has acted fairly and reasonably in doing so.

I'm satisfied the proposed compensation of £750 in total is reasonable and addresses the delays AA caused.

## **My final decision**

AA Underwriting Insurance Company Limited has already made an offer to pay £750 in total to settle the complaint, and I think this is fair in all the circumstances.

So my decision is that AA Underwriting Insurance Company Limited should pay the remaining £425, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 10 March 2026.

Kiran Clair  
**Ombudsman**