

The complaint

Mr and Mrs B complain about how Aviva Insurance Limited (“Aviva”) handled their home insurance claim. In particular with regards to the alternative accommodation.

What happened

Mr and Mrs B’s home suffered a flood in January 2024. As a result of the damage, they moved into alternative accommodation.

Mr and Mrs B say they expected to be able to source accommodation themselves or have support from Aviva to find similar accommodation. Aviva provided a list of available properties and then an agency was appointed to assist. The agency took down details of Mr and Mrs B’s home; a four bedroom detached house in a rural location with parking.

The agency told Mr and Mrs B they only required a one bedroom property since only two people lived in the home, despite there being four bedrooms. Mr and Mrs B say the available properties were not similar to their home and were unsuitable. They identified a number of more suitable properties, but Aviva said they were too expensive.

Aviva settled the alternative accommodation based on £3,000 per month. The settlement was paid in instalments, but Mr and Mrs B say Aviva haven’t paid anything since May 2025. Aviva have asked for evidence to verify the accommodation costs up to the end of April 2025. Mr and Mrs B say this wasn’t discussed beforehand and so they complained.

Aviva said it had provided Mr and Mrs B with a number of properties similar to their home, but they were rejected. Since suitable alternative accommodation couldn’t be agreed, Aviva decided to cash settle the accommodation. Aviva said since it had found various properties at an average cost of around £2,500, it applied an uplift to reach a figure of £3,000 per month.

Aviva apologised for the issues with how the expenses were handled and offered Mr and Mrs B £500 to reflect the distress and inconvenience caused; but Aviva maintained that it had dealt with the accommodation in line with the terms of the policy.

Mr and Mrs B weren’t happy with the response from Aviva and so they referred their complaint to this service. One of our Investigators looked at the evidence and concluded that Aviva had acted fairly. He said Aviva had recommended a number of properties, but they were rejected, and so it cash settled the accommodation in order that Mr and Mrs B could source their own property. He said he thought £3,000 was fair given the number of properties available at that cost. The Investigator also said it was fair for Aviva to request evidence of costs before it continued to provide settlement for accommodation, and this was in line with the terms of the policy. He said £500 offered to reflect the distress and inconvenience caused in its handling of some aspects of the claim was fair and in line with the Service’s approach to compensation payments.

Mr and Mrs B didn’t agree. They said Aviva haven’t paid for any alternative accommodation since May 2025 and won’t do so until Mr and Mrs B provide receipts for April 2024 to April

2025. They say this is unfair as it wasn't made clear to them when the cash settlement was initially agreed. They also say they didn't agree to £3,000 per month and queried whether Aviva would reimburse them for any costs in excess of that.

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.

An ombudsman at this Service has already issued a final decision on part of the claim Mr and Mrs B are making on their insurance policy. To be clear my decision only covers the complaints responded to in Aviva's final response letter dated 17 October 2024 and the additional response dated 19 November 2024.

Alternative accommodation

Any alternative accommodation costs need to be validated by Aviva. While I can see receipts weren't part of the original conversation regarding the cash settlement, I understand why Aviva have asked for this.

Under the terms of the policy Mr and Mrs B are entitled to alternative accommodation, "*similar to your existing accommodation*". Aviva paid for six months of accommodation at a rate of £3,000 per month. Aviva say it based this on the average cost of similar accommodation which was approximately £2,500 and applied an uplift to reflect any associated costs that would likely be incurred during the period of stay. I have thought about this carefully and I think that's a fair approach. I say this because I have reviewed some of the properties Aviva offered to Mr and Mrs B and I agree they are similar to Mr and Mrs B's home.

The provision of alternative accommodation is dependent on what is available in the area at the time. Aviva is obliged to provide similar accommodation under the terms of the policy, but it doesn't need to be an exact match. Aviva was able to source similar properties for around £2,500 per month and so I think it's reasonable that it based its cash settlement on this amount.

Mr and Mrs B have said the policy covers them for 20% of the buildings insured sum so they don't see why Aviva don't increase the allowance. That figure is the limit of Aviva's liability – it doesn't necessarily mean that is what Mr and Mrs B are entitled to, especially where there are properties available for less than that amount.

Mr and Mrs B also say they never agreed to £3,000 per month. But I don't think Aviva required Mr and Mrs B's agreement. Aviva tried to source similar accommodation and when it wasn't able to do so, engaged the services of a rental agency to assist with the search. The agency was also unable to find a property that Mr and Mrs B agreed to. So, Aviva decided to provide a cash settlement in line with what it would cost Aviva for the accommodation. It seems Aviva offered a number of alternative properties but those offers were declined, and it was willing to work with Mr and Mrs B by engaging the services of an agency to work with them to find the right accommodation. And given the circumstances I think that's fair.

Taking all of this into account I'm not persuaded there are any grounds for me to fairly and reasonably require Aviva to increase its settlement offer made to Mr and Mrs B for accommodation on the current evidence.

Evidence of alternative accommodation costs

Most buildings insurance policies provide cover for alternative accommodation. The purpose of the cover is to pay for the reasonable additional costs of temporarily rehousing the policyholder when their home becomes uninhabitable. The cash settlement of £3,000 per month was provided to Mr and Mrs B on the basis that it would cover them for those costs. That is what Mr and Mrs B are entitled to under the terms of the policy, and that is what Aviva are liable for.

When Mr and Mrs B requested further funds for accommodation costs from 1 May 2024, Aviva asked for evidence of the losses to ensure a fair settlement was being paid. I think it is reasonable for Aviva to ask for evidence to verify the settlement provided for alternative accommodation; to check it was adequate and being used for its intended purpose. Mr and Mrs B say £3,000 isn't sufficient for their accommodation costs and so providing evidence of the actual costs incurred would help evidence what they have said all along.

I think it is reasonable for Aviva to ask for evidence – they are only liable to pay for Mr and Mrs B's actual accommodation costs. Mr and Mrs B have a responsibility to provide Aviva with the information it requests; I can see they have done so on a number of occasions such as providing hotel receipts at the outset of the claim. I would also expect Aviva to consider any additional expenses on receipt of evidence of the same.

Distress and inconvenience

I understand the challenges this claim has created for Mr and Mrs B, and I'm sorry to hear that. And although I've had to have regard to what happened since the flood in January 2024, the complaint I've considered here is about the handling of the alternative accommodation and other expenses. So, I can only consider what happened overall in so far as it relates to the handling of the alternative accommodation and other expenses.

Aviva says the £500 it awarded Mr and Mrs B in response to their complaint was in recognition of the confusion over how the expenses were dealt with and how it responded to the initial complaint – communication errors. This Service has general guidelines for making awards for distress and inconvenience. The award band of over £300 is used for cases where the impact of a business' mistakes needs a lot of extra effort to sort out, with the impact typically lasting months. Having considered all of the above, I'm satisfied that in the circumstances, £500 is reasonable to award, and so I think Aviva should now pay this if it hasn't already.

I do empathise with Mr and Mrs B who have had to deal with some very difficult circumstances over the last couple of years. However, I'm not persuaded Aviva is entirely responsible for all of it. So, I appreciate my answer will be disappointing for Mr and Mrs B.

My final decision

For the reasons explained above I am upholding this complaint. Aviva have offered to pay Mr and Mrs B £500 in total so if it hasn't already I direct it to pay this now.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr B to accept or reject my decision before 10 December 2025.

Kiran Clair
Ombudsman