

The complaint

Mr D who is a director of C complains Aspen Insurance UK Limited ("Aspen") unfairly decided and poorly managed a claim made by C on a "block" property insurance policy. He says Aspen hasn't acted in line with regulations and industry guidelines and has:

- Failed to provide the terms of the policy to C as the leaseholder of the property;
- Caused delays to settling the claim;
- Repeatedly requested unnecessary information that had often already been provided;
- Declined to cover all losses suffered by C and its tenants, including the cost of alternative accommodation and loss of rent;
- Not provided the service expected, causing C significant loss and inconvenience.

All references to Aspen include its agents.

What happened

C is the leaseholder of a property which it rents to tenants. C pays for property insurance with Aspen as part of its service charge to the building owner (freeholder). On 21 September 2024, Mr D says a leak of water was discovered from the property above which had caused damage to C's property. Mr D said the water had got into the electric circuits meaning the electricity had to be turned off. So he made a claim on behalf of C on the insurance policy for the cost of repairing the property, loss of rent and alternative accommodation for its tenants and the additional costs the tenants said they experienced due to the escape of water.

Initially, Aspen didn't pay the claim in full as it said Mr D hadn't sufficiently proven C's losses. In particular, it didn't think he'd shown the property was uninhabitable or that it was unsafe to keep the electrics on. So it asked for more evidence, including information from the attending electrician, proof of the payments made to – or on behalf of – the tenants and receipts to show the losses claimed for.

Between around November 2024 and May 2025, Mr D made three complaints to Aspen as he thought it wasn't being clear about what evidence was needed and had asked for the same information he'd already provided. Mr D said he had provided all of the necessary information to support C's claim including bank statements, invoices, and witness statements and he thought Aspen was unfairly refusing to accept any of it. Mr D said obtaining the evidence cost C financially – for example it had to pay a fee for a report explaining what electrical work was done. And he said the administrative burden of managing the claim and chasing Aspen to move things forward had cost him and his company in time.

Mr D was also unhappy as he thought Aspen failed to provide policy documents either when he first submitted the claim on behalf of C or upon renewal of the policy and he thought this impacted the claim. He said if he'd been aware of what losses could be claimed for earlier, he could've ensured C's tenants had kept receipts and other evidence of the losses safe but instead they'd disposed of them. So he thought Aspen should pay some aspects of the claim – for example, the amount the tenants spent on washing and meals – without evidence.

Aspen didn't uphold the complaints as it thought the information requested was reasonable to validate the claim and it thought Mr D on behalf of C was claiming for losses which weren't covered under the policy terms. So Mr D asked our Service to look into things.

Two Investigators considered the complaints separately. Overall they found it more likely the property was uninhabitable so they recommended Aspen cover the claim for loss of rent and alternative accommodation upon clearer evidence of the amount spent. They also thought Aspen caused minor delays to investigating and settling the claim and it could've communicated with Mr D better. But they didn't think Aspen needed to do anything to make up for this or that Mr D on behalf of C had proven the other losses claimed. Aspen agreed to what our Investigators said but Mr D didn't. As the complaints weren't resolved at that stage, they were passed to me to decide and I let Mr D know I would be dealing with them together.

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 can see Mr D on behalf of C has provided a great deal of comprehensive information to our Service to support the complaint. So I thank him for taking the time he has to provide this and I can see how much this complaint means to him and his business.

I've summarised this complaint and I've done so using my own words. I'm not going to respond to every single point made by the parties involved and instead, I've focussed on what I think are the key issues here. Our rules allow me to do this and it reflects the informal nature of our service. If there's something I've not mentioned, it isn't because I haven't thought about it; I've given careful consideration to all of the submissions made before arriving at my decision. Having done so, I've decided to uphold this complaint in the same way as, and for broadly the same reasons as, our Investigators. I'll explain why.

Loss of rent and alternative accommodation

There's been an ongoing dispute between the parties over whether Mr D had sufficiently proven the insured property owned by C was uninhabitable between 21 September 2024 and 6 October 2024 or that C had incurred the costs claimed. And I can see Aspen has questioned why the tenants would've needed to have their rent reduced whilst living in alternative accommodation too. But I'm satisfied Mr D has made it clear C refunded the tenant's rent while they stayed elsewhere up until 28 September 2024. And when it was clear they couldn't move back into the property at that point, he arranged more formal alternative accommodation for them.

Our Investigator considered the evidence provided by Mr D to show the property was uninhabitable was persuasive as it showed the electricity was off until 30 September 2024. And Aspen has accepted the Investigator's view and to pay the loss of rent up to this date. It's also agreed to pay the cost of the alternative accommodation the tenants then moved into and reimburse C the amount it paid for the electrician's report. So I'm not considering these matters further here.

In saying this, Mr D on behalf of C has provided a receipt showing the price of the alternative accommodation in euros. And he's provided a bank statement which shows the refunded rent together with other amounts C was covering paid into the tenants' account as one payment. So it's difficult to see the specific amount Mr D says was refunded as a result of the tenants being unable to live in the property only. So I'm not satisfied this is enough to prove the loss C is claiming for or that Aspen acted unfairly in declining to pay this part of the claim without clearer evidence of the specific amount C has lost out on.

Disclosure of policy terms and conditions

Mr D complains Aspen failed to provide the terms and conditions of the policy either at the renewal of the policy or at the point C made the claim. He says it hasn't acted in line with relevant guidance and regulations set out by the Financial Conduct Authority. But the rules Mr D has referred to say in summary, brokers or insurers should provide information, including the summary of cover to the freeholder of the property as the policyholder. The freeholder is then obliged to pass that information onto the leaseholders – which in this case is C. If the freeholder of the building failed to pass the policy information onto C previously, I'm not persuaded Aspen is responsible for that.

The rules go onto say Aspen should pass the details directly to the leaseholder – C – if it's made aware they don't have the information. Aspen has given us records of the emails between it and Mr D. And I haven't seen anything that makes me think Mr D flagged early on in the claim process that C didn't have the policy terms. So I'm not persuaded that Aspen did anything wrong by not providing the policy terms at the point of the claim being made. I can see later in the claim process, Mr D let Aspen know over the phone that C hadn't been sent the policy terms and Aspen arranged for it to be sent out promptly. So overall, I'm persuaded Aspen has acted in line with the rules set out.

Consequential losses

Mr D says C's tenants suffered additional losses as a result of the claim which C reimbursed them for. So he wants Aspen to cover these amounts. This includes the tenants' taxi fares, takeaways and washing costs. But having looked at the terms and conditions of the policy carefully, I can see it doesn't provide cover for consequential – i.e. indirect – losses which I'm satisfied these things fall under.

I note Mr D has highlighted a part of the policy which says money in coin operated washing machines are covered. But I'm not persuaded this term applies here as it seems to be related to loss of money in coin operated machines rather than covering the cost of using the machines. Even if the losses Mr D has highlighted were covered, I can't see that Aspen has been given sufficient evidence to show the tenants incurred the costs Mr D says they did. So I don't think Aspen has acted unfairly in declining this part of the claim. I know Mr D's provided bank statements which he says shows this. But they don't show a breakdown of what was paid for each item or what exactly was covered.

I know Mr D says if he'd known what would be covered under the policy terms by having a copy of the terms, the tenants would've known to keep receipts. So he thinks it's Aspen's fault he's unable to provide evidence to support this part of the claim. But as above, I'm not satisfied Aspen was obliged to set out the cover under the policy directly to C – who isn't the policyholder in this case – any earlier than it did. So I can't say it's because of an error Aspen made that Mr D doesn't have evidence to submit on behalf of C.

Mr D says C has suffered further financial losses due to the claim. This includes the cost of appointing a surveyor to sign off the property as safe to return to and the cost of re-letting the property. But I've not seen anything to show C has shouldered these costs. And it seems from what Mr D's said, the tenants returned to the property. So I'm not satisfied these claims are for losses that C incurred and without anything to support it, I don't think Aspen has declined these parts of the claim unfairly. If Mr D can show within a reasonable time that C did suffer these losses, Aspen has said it would reconsider things and I think that's fair.

Overall service

Mr D thinks Aspen should pay an hourly rate towards the amount of time he's spent managing the claim as he says it's due to errors Aspen made and poor service. But I don't agree that would be fair in this case. Claims of this nature are always going to have an element of inconvenience. I accept there were some parts of the claim that could've been handled better, for example, Aspen didn't always respond to Mr D's communication and it could've flagged a concern over one of C's contractors sooner than it did. But I'm not persuaded Aspen has caused the claim to go significantly off track in this case. And I don't think it needs to pay anything for what did go wrong. I can also see Mr D thinks Aspen should pay compensation for the delay it caused in making payments. But where I think it should've made payments sooner, I'm satisfied adding the interest set out below is enough to put things right in this case.

Putting things right

To put things right in this case, upon reasonable and clear evidence from C showing the specific payments made and how much was paid, I direct Aspen to pay C:

- The amount of rent it refunded to the tenants for the period 21 to 28 September 2024.
- The amount it paid in UK currency for the alternative accommodation.
- Aspen should add 8% interest to these amounts from the date Mr D first provided the report showing the electricity needed to be switched off in the property (as this is the date it should've made the payment) to the date of settlement.
- The amount it paid for the report by the maintenance company to show the electricity was turned off in the property. Aspen should add 8% interest to this amount from the date C paid for the report to the date of settlement.

If Aspen considers it's required by HM Revenue & Customs to take off income tax from the interest, it should tell Mr D on behalf of C how much it's taken off and give him a certificate showing this if he asks for one, so C can reclaim the tax from HM Revenue & Customs.

My final decision

For the reasons I've given, I uphold C's and direct Aspen Insurance UK Limited to put things right by doing what I've said above. Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 19 December 2025.

Nadya Neve
Ombudsman