

The complaint

Mr and Mrs C complain about Advantage Insurance Company Limited's handling of a claim they made under their home insurance policy.

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

What happened

In September 2024, Mr and Mrs C made a claim under their home insurance policy with Advantage after their garage and its contents were damaged in a fire.

Advantage accepted the claim and arranged for its contractors to carry out the reinstatement work. However, the contractors raised concerns about the stability of the garage's foundation. Advantage told Mr and Mrs C that its contractors couldn't carry out the reinstatement of the garage as the concrete base needed to be replaced and this wasn't covered by the policy. Advantage offered Mr and Mrs C a cash settlement for the rebuild of the garage.

Mr and Mrs C raised a complaint with Advantage, who acknowledged some avoidable delays and poor communication and paid them £150 compensation. However, it said it wasn't able to provide cover for the garage base to be replaced under the terms and conditions of Mr and Mrs C's policy.

Mr and Mrs C remained unhappy and referred their complaint to the Financial Ombudsman Service.

Our investigator thought Mr and Mrs C's complaint should be upheld. He thought Advantage's decision to offer Mr and Mrs C a cash settlement which didn't cover the cost of replacing the garage's foundation was fair. However, he thought the cash settlement should be based on Mr and Mrs C's actual costs of getting the remaining reinstatement work completed. He also recommended Advantage pay Mr and Mrs C an additional £150 for distress and inconvenience.

Advantage disagreed with our investigator's outcome. It agreed with his suggestion to increase the compensation to £300. But it didn't agree to increase its cash settlement offer which was based on what its own contractors would have been paid if they had carried out the works. So, the complaint has been passed 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.

Having done so, I've reached broadly the same conclusions as our investigator. I'll explain why.

I've considered everything Mr and Mrs C have told our service, but I'll be keeping my findings to what I believe to be the crux of their complaint. I wish to reassure Mr and Mrs C I've read and considered everything they've sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

I thought it would be helpful to provide some clarity about the Financial Ombudsman Service's role and the scope of the complaint that I'm deciding. Our role is to resolve disputes between complainants and financial businesses, to help both parties move on. It isn't our role to handle a claim or to deal with matters as they arise.

In this decision, I've considered matters complained of up until Advantage's final response letter of 19 June 2025.

Buildings settlement

The policy's terms and conditions say:

"Your insurer may repair, reinstate or replace your damaged property. If your insurer can't replace or repair your property they may pay for the loss or damage in cash or in a cash alternative (including vouchers and/or store cards).

Where your insurer can offer repair or replacement through a preferred supplier, but then agree to pay a cash or cash alternative settlement, then payment will not be more than the amount they would have paid their preferred supplier."

Advantage says it couldn't reinstate Mr and Mrs C's garage because the existing concrete foundation was inadequate. The purpose of the policy is to indemnify Mr and Mrs C for their loss. In other words, it should put them back in the position they were before the fire damage occurred. So, I don't think it was unreasonable for Advantage to refuse to replace or cover the cost of replacing the garage's foundations as this was a pre-existing issue.

I appreciate Mr and Mrs C would have liked Advantage's contractors to carry out the remaining reinstatement work. However, Advantage says its contractors couldn't assume liability if there was to be any issues with the new foundation laid by another contractor. So, I think it was reasonable for it to offer a cash settlement under the circumstances.

However, considering what it says in the policy's terms and conditions, I don't think it's fair for Advantage to limit the cash settlement to what it would have cost if its own contractors had carried out the reinstatement work. Advantage hasn't offered to have the work carried out by its own suppliers. So, the cash settlement should be enough to put Mr and Mrs C back in the position they were before the fire.

Insurers often get discounted rates from their suppliers. This means Advantage's cash settlement offer might not be enough to indemnify Mr and Mrs C because they might not be able to get the repairs done for that amount. So, I think it would be fair for Advantage to base its cash settlement on Mr and Mrs C's actual costs of using their own contractors, upon receipt of evidence from them.

Mr and Mrs C say the new garage that was delivered to them doesn't include windows or doors. So, Advantage will need to make sure that its cash settlement takes this into account and is enough to ensure they are put back into the position they were before the fire damage occurred (minus any applicable excess).

Contents settlement

I understand Mr and Mrs C are also unhappy with the settlement they've been offered for their damaged contents.

The policy's terms and conditions say Advantage will pay contents up to the limits shown in the policy summary.

The policy limit for contents in outbuildings is £3,000 and "outbuildings" is defined as:

"Sheds, greenhouses, summer houses, other permanent buildings which don't form part of the main building, are within the boundaries of the property and used for domestic purposes."

I'm satisfied that Mr and Mrs C's garage fits the above definition. So, I think Advantage's offer of £3,000 to replace the damaged contents is fair and reasonable, in line with the policy's terms and conditions.

Distress and inconvenience

Advantage has acknowledged some poor communication and avoidable delays in the handling of Mr and Mrs C's claim. It's accepted our investigator's recommendation to pay Mr and Mrs C an additional £150 on top of the £150 compensation it's already paid them.

Having reviewed the information available to me, I think a total of £300 reasonably recognises the impact of Advantage's poor service on Mr and Mrs C.

Putting things right

Advantage should:

- Recalculate its cash settlement offer for the reinstatement works covered by the policy, based on the actual costs to Mr and Mrs C, upon receipt of a quote from them.
- Pay Mr and Mrs C £150 for distress and inconvenience.

My final decision

For the reasons I've explained, I uphold Mr and Mrs C's complaint and direct Advantage Insurance Company Limited to put things right by doing as I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr C to accept or reject my decision before 1 April 2026.

Anne Muscroft
Ombudsman