

The complaint

Mr G and Mrs G complain about the way Aviva Insurance Limited ('Aviva') handled an escape of water claim under their home insurance policy.

What happened

Mr and Mrs G held a home insurance policy underwritten by Aviva which was taken out through a broker. In September 2023, Mr and Mrs G reported a suspected water leak at their property. At that stage, the main indication of a problem was the sound of running water underneath their kitchen floor. But there were no visible signs of subsidence or structural movement, and no obvious water damage internally or externally.

Aviva accepted the claim and appointed contractors to investigate and deal with the leak. Over the following months, a number of different contractors attended the property, however there were difficulties identifying the precise source of the leak. Ultimately, Aviva's contractors were unable to carry out necessary works and there were periods where no effective progress was made at all.

In January 2024, tracing equipment was used in an attempt to locate the leak, but this did not result in a successful repair. There were then further delays while Aviva and the agent sought to identify contractors with the appropriate expertise to work around the underfloor heating system that was installed at the property. During this period, it was later identified that water had continued to escape beneath Mr and Mrs G's property.

In June 2024, Aviva authorised Mr and Mrs G to engage a contractor of their own choosing. And it appears that once that contractor attended, the source of the leak was identified and repaired fairly promptly once access had been gained. But by the point that the leak had been identified and stopped, Mr and Mrs G said that there was extensive damage beneath their kitchen floor, including two joists and boarding. As a result, Aviva agreed that the kitchen would need to be removed and reinstated as part of the claim. And drying equipment was installed, and further remedial works were planned.

Around the time the policy was due for renewal, Mr and Mrs G attempted to renew their policy with Aviva but were told that the scheme their broker had originally arranged the policy under was being withdrawn. Aviva said they were unable to offer a policy directly, explaining that the request would be treated as a new application for cover. But Aviva said they couldn't provide a policy where there was an open claim in excess of £10,000 outstanding.

Mr and Mrs G raised a formal complaint to Aviva as they were unhappy with how their claim was being handled and the length of time it was taking to resolve the issues. They also said they had been unable to renew their policy and had taken out alternative cover elsewhere at a higher cost.

In July 2024, Aviva issued a final response to Mr and Mrs G's complaint. They accepted that there had been avoidable delays in the handling of the claim and apologised for the disruption caused. They offered £1,000 compensation for distress and inconvenience caused but said they weren't able to confirm what the final claim cost would have been

without the delays and did not accept responsibility for any increase in the overall cost of the claim or for the cost of alternative insurance. Mr and Mrs G then brought the complaint to this Service, and while it was being considered, Aviva increased their compensation award to £1,500.

I issued a provisional decision on the complaint, and I said the following:

“I’d like to start by acknowledging that I’ve intentionally summarised the background to this complaint, so not everything that’s happened or been argued is set out above. Both parties are aware of the history of this complaint, so I do not intend to repeat its detail here again. This isn’t meant as a discourtesy, it simply reflects the informal nature of this Service.

I’ve also done this because the background circumstances of this complaint are now largely undisputed, and Aviva has agreed that their service fell short throughout the life of the claim. So, while I’ve read and considered everything that’s been provided; I haven’t commented on each and every point made, or piece of evidence provided. Instead, I will focus on the key points I need to think about in order to reach a fair and reasonable conclusion.

This also means I don’t need to make an extended finding on whether or not Aviva acted unfairly here; they did, and they’ve acknowledged this and offered compensation of £1,500 to reflect the impact their failings had on Mr and Mrs G. As such, the focus of my decision will be to determine whether the amount of compensation Aviva has offered adequately addresses the impact caused, as well as addressing the issues Mr and Mrs G raised when trying to renew their policy.

From the evidence I’ve considered, I’m satisfied that there were prolonged periods where little or no effective progress was being made, and Aviva did not take reasonable steps to move the claim forward. In particular, there were delays in identifying contractors with the appropriate expertise to carry out the works required, uncertainty over who was responsible for progressing matters, and a clear lack of momentum even after it became clear that specialist involvement would be needed.

Once Mr and Mrs G were authorised to engage their own contractor in June 2024, the leak was located and repaired fairly quickly once access had been gained. While I recognise that that doesn’t automatically mean the claim would have been necessarily resolved in the same time frame earlier, I do think it reinforces my view that the overall handling lacked sufficient urgency. An escape of water claim will, by its very nature, inevitably cause disruption and inconvenience. But in this particular case, I think there were avoidable delays that significantly increased the impact on Mr and Mrs G. The claim remained unresolved over many months, during which time parts of their kitchen were unusable, access within the home was restricted, and they were living with uncertainty about the condition of the property. I’m also mindful of what Mr and Mrs G have told me about the effect this had on their well-being during that period. And while I haven’t detailed everything here, given its personal nature, I’ve taken into consideration.

While I can’t safely conclude that Aviva’s delays caused the overall cost of the claim to increase, or that the claim would have been resolved before renewal if it had been handled more promptly, I do think the delays prolonged the period during which the claim remained open, and this would have been distressing for Mr and Mrs G. As such, I’m satisfied that an award of compensation is appropriate here.

In relation to the issues Mr and Mrs G faced when trying to renew the policy, I've carefully considered whether I think Aviva acted unfairly when they were unable to provide cover. I understand the policy was originally arranged through a broker under a scheme that Aviva said was no longer being used at the time the policy was due to renew. Aviva has explained that they considered whether they were able to provide cover to Mr and Mrs G, and explained they have different products, and that eligibility varies across those products. But as Mr and Mrs G had an open claim in excess of a set sum, Aviva felt they didn't meet the eligibility criteria of any available products and they were unable to provide a policy.

I've also thought about Mr and Mrs G's submissions over the Association of British Insurers' ('ABI') approach to providing continuation of cover where an open claim is ongoing. This approach encourages insurers to consider continuation of cover where a claim remains open, where it's possible to do so. The guidance doesn't remove Aviva's underwriting discretion, but it does form part of the wider context when assessing the impact of how matters were handled.

I've considered the information provided, and I think it is fair to conclude that insurers are entitled to set underwriting criteria for new business, and I don't think Aviva acted unfairly simply because they weren't able to replicate the broker's scheme. I also think that it was fair for Aviva to say they as they couldn't offer an exact like for like continuation of that policy, any policy they did offer would need to be assessed as a new application under Aviva's available products.

However, I also recognise that an open claim would present practical difficulties for customers seeking alternative insurance, regardless of the eventual value of the claim. So, while I don't think I can reasonably conclude Aviva acted unfairly when they were unable to provide a renewal policy, I think that the impact of the claim still being open, mostly due to Aviva's earlier delays, would have had an impact on the type of alternative insurance policy Mr and Mrs G were able to obtain, as well as the cost of taking out alternative cover. I recognise the difficulty in quantifying the degree of the impact caused in this particular complaint, both financially and from a compensatory perspective, so, I find the fair and reasonable way to approach this aspect of the complaint is to consider any additional inconvenience Mr and Mrs G would have experienced within a global compensation award.

What was the impact?

As I explained earlier, both parties are well aware of the history of this complaint, so I do not intend to repeat the detail here again. From my review of the complaint, I can see Aviva have already accepted their handling fell short on several occasions and they increased their original offer of compensation for distress and inconvenience to £1,500.

Insurance claims can be, by their nature, very disruptive. They often take many months to investigate and resolve, and a certain level of inconvenience is always unavoidable. So, my role is to consider the impact Aviva's actions had which caused additional distress and inconvenience, over and above what I would consider to be normal.

In respect of awarding compensation, it's important for me to highlight from the start that a compensation award isn't intended to fine or punish a business, it's to recognise the impact the business' actions have had on their customer in a particular complaint. The Investigator felt the award Aviva put forward was largely fair. So, I've thought about how Mr and Mrs G were impacted and whether I think that is a fair sum to put things right. I've weighed up the testimony provided, the available evidence,

and the length of time the claim took overall. While I haven't included specific details of Mr and Mrs G's health issues, given their personal nature, I've thought about everything they've submitted.

Taking everything into account, including the length of the delays themselves, the disruption to Mr and Mrs G's home life, the prolonged uncertainty they experienced, and the added stress associated with having an open claim for an extended period, which would have caused additional issues with insurance renewals and unknown additional costs, I don't consider £1,500 fully reflects the impact caused in this particular case.

While I'm not making a separate award for individual items, I do think a higher overall award is fair and reasonable here to recognise the cumulative effect of Aviva service failings. In the circumstances, I consider a total compensation award of £2,500 for both distress and inconvenience and any financial losses to be fair and reasonable in the circumstances, and I think this sum reflects the impact Aviva's actions had on Mr and Mrs G for the period I can consider.

I appreciate this may not be the level of compensation Mr and Mrs G had hoped for, but I consider the compensation award I have outlined to be in line with the level of compensation appropriate to these issues, and I'm satisfied it produces a fair and reasonable outcome in this particular complaint."

I concluded that I intended to uphold the complaint in part and to direct Aviva to pay Mr and Mrs G a total of £2,500 compensation. I said this was because I was satisfied Aviva's delays in handling the claim prolonged the period during which the claim remained open, which I thought made obtaining suitable alternative cover more difficult and stressful. I invited both parties to respond to my provisional findings.

Mr and Mrs G agreed with my findings to conclude the complaint. But Aviva did not. They said they did not agree they were directly responsible for additional issues with insurance renewals and unknown additional costs. And they said there was no evidence that Mr and Mrs G incurred financial loss in arranging new insurance.

As both parties have now had the opportunity to provide a response to my provisional findings, I will set out my final decision below.

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.

To be clear, my provisional findings did not conclude that Aviva were responsible for the broker's decision to withdraw its scheme, and I'm not making a finding that Aviva acted unfairly by being unable to offer Mr and Mrs G a policy as new customers. I remain satisfied that an insurer is entitled to set underwriting criteria for new business, and they were entitled to apply that criteria here.

However, my findings on compensation aren't limited to whether Aviva acted fairly at the point of renewal. My findings also reflect the overall impact I think Aviva's service failings had on an ongoing escape of water claim. I remain satisfied that there were avoidable delays and periods where the claim lacked momentum, and that this meant the claim remained open for far longer than it reasonably should have done. That prolonged period of disruption and uncertainty added materially to the distress and inconvenience Mr and Mrs G would have experienced.

I accept Aviva's point that a claim whether open or historic is a material fact that would need to be disclosed to other insurers. But I also think it's fair and reasonable in this specific case to recognise that the claim remaining open for an extended period, because of Aviva's own avoidable delays, was likely to make Mr and Mrs G's position more difficult and stressful when trying to arrange new cover.

Aviva has said the claim would have been needed to be disclosed whether it was open at the time of application or not. I agree, but I'm also satisfied an open and ongoing claim would have the potential, on balance, to make more of an impact on an alternative insurer providing cover. And ultimately, I've taken the renewal difficulties into account as part of the overall distress and inconvenience caused by the prolonged handling of the claim. Having done so, I remain satisfied the Aviva's compensation offer of £1,500 doesn't adequately reflect the overall impact of their service failings in this particular case.

As such, I maintain that a total award of £2,500 compensation is fair and reasonable.

My final decision

For the reasons I have set out above, my final decision is that I uphold this complaint in part. I direct Aviva Insurance Limited to:

- Pay Mr and Mrs G a total of £2,500 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Mrs G to accept or reject my decision before 4 March 2026.

Stephen Howard
Ombudsman