

The complaint

Mr C complains about Aviva's settlement of a claim under a home insurance policy.

What happened

Mr C had a home insurance policy covering his buildings. In January 2024, he made a claim for damage caused by a leak. Between January 2024 and April 2024, Aviva inspected the damage and offered Mr C the option to have works done by its network contractor, or for Mr C to use his own, in either case, based on Aviva's schedule of works.

In April 2025, an Ombudsman colleague issued a final decision on Mr C's complaint about the settlement Aviva had paid on the agreed items. They said Aviva had settled these items reasonably. And they directed Aviva to pay compensation for the handling of the claim and poor service under that complaint.

Mr C made a further complaint with Aviva about outstanding items that hadn't been agreed or paid for. This included his oven, the consumer unit at his property and a water cylinder.

Aviva responded to that complaint between April 2025 and June 2025. It initially asked for evidence to show the oven was damaged, but later said it wasn't covered as Mr C didn't have contents cover. But it did agree to pay the cost of his report into the oven damage. It offered to pay Mr C £249.99 towards the replacement consumer unit, and £241.80 towards replacing his water cylinder and associated damage. It also offered Mr C £500 compensation for the distress and inconvenience caused.

Mr C referred his complaint to the Financial Ombudsman Service. He said Aviva should pay for the oven damage, and if it wasn't covered, this meant it had wasted his time. He maintained the consumer unit had been damaged and wasn't happy with Aviva's settlement.

The Investigator didn't uphold the complaint. They said it was fair for Aviva to treat the oven as contents, so it didn't need to pay for this. And they said Aviva's offer for the consumer unit and water cylinder was fair and in line with the policy terms.

Mr C didn't agree. He said the amount Aviva offered, in particular, for the consumer unit, was unrealistic. And because Aviva hadn't offered to cover this as part of its original schedule of works, he had no choice but to arrange the works himself. He remained unhappy that Aviva made him obtain a damage report for the oven when it wasn't covered under his policy.

I issued a provisional decision partly upholding the complaint and in it I said the following:

"Mr C provided a lot of information in support of his complaint. I assure Mr C I've taken everything he's provided into account. But in this decision I've focused on what I think are the key issues in this complaint. This is also based on matters I consider were raised under this complaint to Aviva, and are unresolved. No discourtesy is intended by this, but it simply reflects the informal nature of the way that the Financial Ombudsman Service reviews complaints."

Oven

I've reviewed Mr C's home insurance policy and I'm satisfied he had cover only for his buildings (and not contents).

Under the terms, buildings is described as "The home and its: fixtures, fittings and decorations..." and contents is described as "household items..."

From what I can see, Mr C's oven was free-standing and removable, albeit ideally by an expert. But I think it's fair in the circumstances to consider it a household item, like many other household items that may require expert installation or removal. So I don't think it was unfair for Aviva to decline cover for the oven damage.

I do accept Aviva acted unfairly in making Mr C arrange a damage report, when the oven wasn't going to be covered anyway, but I think it acted fairly in agreeing to cover the cost of this report. I do accept that Aviva's actions here caused Mr C distress and inconvenience. I've kept this in mind.

Consumer unit and water cylinder

The terms of the policy do say Aviva can settle a claim based on what it would have cost Aviva, particularly where it could carry out the works. And it's common for an insurer to be able to secure costs or rates that are lower than would be available to a policyholder. But I've considered whether it was fair for Aviva to settle on this basis in the circumstances.

I've reviewed Aviva's electrical report from February 2024. This notes extensive water ingress to the consumer unit, which I consider supports the possibility of resulting damage. And although Aviva's agent appears to have dried and tested the unit, I consider it's possible for the unit to work at the time of testing following drying, but for faults/damage caused by water ingress to become apparent following this.

Mr C has provided evidence to show water damage in a number of breakers on the unit. I think this supports Mr C's electrician's comments there was water damage in most breakers and this was potentially dangerous. So I think it was more likely than not the consumer unit did need to be replaced. Given that Aviva has offered to cover the cost of this, I don't think it disputes this, but I've covered this for completeness.

Turning now to Aviva's offer. Given that the unit was dried and tested when Aviva initially settled the claim, I don't think it acted unreasonably in not including the consumer unit replacement at that time. And I also can't see that Mr C informed Aviva of the power cut and his intention to replace the defective unit, before he made the decision to do so. So I think Aviva was deprived of the opportunity to explore the option of arranging the replacement itself. And in these circumstances, I think it's fair for Aviva to settle based on its own likely costs. But I can't see that the £249.99 Aviva offered, included the costs for certifying the new unit – I consider this is a reasonable cost involved in installing a consumer unit. I asked Aviva for its comments on this, but it failed to respond. Mr C has provided evidence to show this cost him £250, so I think Aviva should add this cost to its offer, taking the total offer for the consumer unit to £499.99.

On the matter of the water cylinder, I've not seen evidence to persuade me Aviva's offer of £241.80 is unfair. So assuming this hasn't been paid, I will direct Aviva to pay this.

I also think Aviva ought to have paid Mr C any amount it did offer, as an interim payment, while making it clear to Mr C he could still pursue a complaint about this if he wanted to. It's not clear if Aviva did do this, so for any amounts Mr C wasn't paid, I think he was unfairly

deprived of this. So I will ask Aviva to add interest on any amounts unpaid, at a rate of 8% simple per year, from the date it made its offer, to the date of settlement.

Finally, I've considered the impact of the matters specific to this complaint, on Mr C. And I'm satisfied Aviva's actions would have caused Mr C distress and inconvenience. But I don't consider the £500 compensation it offered him to be unfair or unreasonable in the circumstances, so I see no reason to interfere with this."

Aviva accepted my provisional decision. Mr C didn't agree. He felt Aviva should pay the full £1,200 cost he paid to install the consumer unit, as he had initially asked Aviva to cover a replacement and it declined. Mr C confirmed Aviva had paid the £500 compensation, but said it hadn't paid for other items it agreed to in 2025. Finally, he asked for clarification about when interest on unpaid items would apply from.

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'm aware Mr C did initially ask Aviva to cover the consumer unit replacement, and I've explained in my provisional decision why it was fair for Aviva to have declined it at that time. But I can't see that Mr C informed Aviva at the point he experienced a power cut and made the decision to replace the consumer unit in January 2025. Mr C says he didn't do this as Aviva had already refused, but given his complaint, I'm satisfied it was his intention for Aviva to cover the replacement consumer unit (and associated costs), so I think he ought reasonably to have let Aviva know, before he incurred the cost. So I still think it's fair for Aviva to settle this based on its own likely costs. It follows, as outlined in my provisional decision, that I think Aviva should pay a total of £499.99 (instead of £249.99), so this is what I will direct it to do.

On the items Mr C says Aviva hasn't paid, taking away the consumer unit and water cylinder costs, this leaves £40 Aviva agreed to pay for the cost of Mr C's report into the water damage, and £400 for fireplace repairs. Given that this cost was agreed, I'd expect Aviva to pay these amounts to Mr C, so I will direct it to do so if it hasn't already. And if it hasn't, it should add interest for the same reasons outlined in my provisional decision.

As for when interest would apply from, I've said this should be from the date Aviva made the offer, and this may be different for each outstanding payment amount. But I understand the offers were made between April 2025 and June 2025.

Finally, I've not received any further information to persuade me to change the conclusions I reached in other parts of my provisional decision.

My final decision

For the reasons outlined above, my final decision is that I uphold this complaint. Subject to my comments above, I require Aviva Insurance Limited to:

- Pay Mr C a total of £499.99 (instead of £249.99) for his consumer unit.
- Pay Mr C a total of £241.80 for the water cylinder and associated damage.
- Pay Mr C £40 for the cost of his report into water damage, and £400 towards his fireplace repairs.
- On any amounts currently unpaid in relation to the above points, add interest at the rate of 8% simple per year, from the date Aviva first made each respective offer, to the date of settlement.*

* If Aviva considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr C how much it's taken off. It should also give Mr C a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 26 March 2026.

Monjur Alam
Ombudsman