

complaint

Mr and Mrs B are unhappy that Ageas Insurance Limited won't pay their claim for loss of rent under the terms of their landlord's insurance policy.

background

Mr and Mrs B's property, which they let, was damaged in a fire. Their loss assessor put in a claim for six months' loss of rent. Ageas wouldn't pay the claim as it said it wasn't covered under the terms of the policy. This was because loss of rent is only paid where the property is "uninhabitable". As the property had working sanitary, cooking and heating services, it wasn't uninhabitable.

Ageas also wasn't satisfied that Mr and Mrs B intended to re-let the property at the time of the fire. But it did say that its loss adjuster had delayed in handling the tender process for one month. It also said it should have told Mr and Mrs B earlier that they would receive a cash settlement as they were underinsured. So, it said it would pay Mr and Mrs B compensation of £510 (equal to one month's rent). Mr and Mrs B were unhappy with this and pointed out that the property was "unrentable" and not inherently safe to let out.

Their complaint was referred to this service. Our adjudicator didn't uphold the complaint as he didn't think the property was uninhabitable. He recognised that it might be difficult to rent out, but that was not the same as it being uninhabitable. Mr and Mrs B asked for an ombudsman's decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

What I have to decide is whether Ageas is liable to pay Mr and Mrs B lost rent. This would either be under the terms of the policy or, if it was at fault for any delay, as compensation.

Ageas has already admitted a delay of one month and has agreed to pay £510, equal to one month's rent. I think that is fair.

The policy says that Ageas will pay:

"Loss of rent and/or cost of alternative accommodation incurred by You as a result of the Buildings becoming uninhabitable following loss or damage..."

There isn't any definition of the word "uninhabitable" in the policy. But we regard it as not being able to live there because there are no cooking, heating or sanitary services. Here the fire damage was mostly confined to the outbuildings in the back garden. The damage to the main property, from the photographs, is to the back windows which are cracked or damaged.

Mr and Mrs B's main argument is that the property can't be rented out while building works are in progress. Part of the tender requirement is that the property be empty. They also say that it is inherently unsafe to live in. For the loss of rent cover, the policy requires it to be uninhabitable, which isn't the same as unrentable. In itself, the property is secure, and all mains services are connected. The cracked windows may be inconvenient and will have to be replaced. But again they don't mean that the property can't be lived in.

Ageas is only liable to pay loss of rent where the loss is covered under its policy terms. In this case I don't think that the loss of rent is covered under those terms. So I can't uphold the complaint.

As I don't think that the loss of rent is covered under the policy terms, I won't address the question of whether or not Mr and Mrs B intended to let the property when the fire happened.

my final decision

My final decision is that I don't uphold the complaint. I make no award.

Ray Lawley
ombudsman