

complaint

Mr and Mrs W are unhappy with the way that Ageas Insurance Limited dealt with their home insurance claim for fire damage.

background

In July 2018 Mr and Mrs W suffered a fire at their property when sunlight caught a magnifying mirror in their daughter's bedroom. The fire caused considerable damage and they had to move out to alternative accommodation with their family. This was initially in rooms over a local pub, then into a friend's house and Mr and Mrs W had to fund this themselves. They appointed a firm of loss assessors (H) to represent their interests. Ageas appointed forensic examiners to confirm the cause of the fire. Also as it was concerned about possible underinsurance it appointed surveyors to assess the value of the property. It received the forensic and surveyor's reports in early August 2018 and as a result accepted the claim, without proposing any deduction for underinsurance. It made an interim payment of £5,000 to Mr and Mrs W.

The claim proceeded slowly after that, in October 2018 an asbestos survey showed there to be some asbestos deposits which had to be dealt with. The repair works were put out to tender, and the successful applicant appointed towards the end of February 2019. The building works got under way. In April/May 2019 Mr and Mrs W had to move out of their alternative accommodation into a different property and agreement had to be sought as to how removals could take place, and as the new property was unfurnished, as to payments for temporary furniture.

The building works stalled as the contents hadn't been cleared out as they hadn't been agreed on. A payment of £50,000 for the contents was agreed by Mr and Mrs W in early June 2019 so the works could get under way. The works again proceeded slowly. On two occasions the builders threatened to pull out because their interim invoices weren't paid. As of February 2020 (when Ageas sent in its file to us) there were still outstanding payments owed to Mr and Mrs W. I assume that they have now moved back into the property, though I should emphasise that I'm not considering any events after February 2020 in this decision.

Mr and Mrs W complained about the slow progress of the claim, the fact that they had to wait for months to get paid for their alternative accommodation, that they weren't assisted with such accommodation in any way, and that they incurred a number of expenses which still haven't been refunded to them. They accepted the contents pay-out but only because they were under pressure to get the building works completed. They also had to pay a large amount for "FLEE" (Fire, lightning, earthquake explosion) insurance for their property while it was unoccupied.

Ageas agreed there were delays but said these were mostly due to H's actions.

On referral to this service our investigator said there had been serious delays, particularly in getting repairs under way and in responding to Mr and Mrs W's requests for payment of their expenses. She said Ageas should pay various costs relating to removals and living in alternative accommodation. She further said it should consider a further payment for the contents since it had assessed the payment based on its own contractors' replacement rates and hadn't factored in the cost of restoration of some of the items. She further said it should pay compensation of £1,200.

I issued a provisional decision. In it I said that Ageas should make further payments in line with what the investigator proposed. I also said it should pay a further £5,000 for the contents to settle the matter and reimburse Mr and Mrs W for the difference in cost for them having to pay for a "FLEE", unoccupied property policy during the repairs.

Mr and Mrs W accepted my decision, though queried how they would prove the cost of their fuel in picking up borrowed furniture for the alternative accommodation.

Ageas has received the decision but has made no comment on it. I believe it has paid the compensation of £1,200.

my findings

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

My provisional findings were as follows:

"delays

There were some delays by H, though I have to say that there is evidence that H had to do a lot of chasing on Mr and Mrs W's behalf. I think there were unacceptable delays on Ageas' part in getting the claim agreed and the repairs under way. Ageas wouldn't accept the claim or pay for any alternative accommodation until it had the report from its forensic expert as to the cause of the fire and from its surveyor as to the value of the property for insurance purposes. It took three weeks to appoint both, and another two weeks before the claim was accepted. In the meantime Ageas had declined to provide any assistance with the cost of alternative accommodation.

There were delays in getting the repairs under way. The extent of asbestos in the property wasn't discovered until October 2018, and it then took until the end of February 2019 for the successful tender to be agreed. Unfortunately the appointed contractors went bankrupt and alternative contractors had to be found, though it doesn't appear that anyone was at fault in respect of that. As the contractors appear to have been arranged through H any delays after that were those concerning interim payments. In particular so far as the contractors were concerned Ageas' slow response to payment of their agreed accounts caused them to threaten to withdraw on two occasions.

Mr and Mrs W constantly had to chase, through H, for interim payments. The first interim payment of £5,000 took two months to be received. Mr and Mrs W used this for a deposit on their accommodation. And in August 2018 H requested a payment of £10,000 for accommodation costs. No payment was received until February 2019. This meant that Mr and Mrs W had to be entirely self-funding for their accommodation during that period.

moving between accommodation

In April 2019 Mr and Mrs W had to leave their first alternative accommodation. They requested that Ageas pay for an overlap so that they would have time to move stuff to the new property. The second property was unfurnished so they asked in the alternative for enough to buy temporary furniture, particularly beds. They were offered £500, and Ageas declined to pay for any overlap in the cost of accommodation. I think that bearing in mind that the new property was unfurnished if Ageas wasn't prepared to pay for an overlap (which

reasonably it shouldn't have had to), it should at least have made a reasonable contribution towards temporary furniture for Mr and Mrs W and their family. As it was Mr and Mrs W had to borrow furniture from various friends which they had to transport in several trips in their car. The landlord of their new property allowed them to store furniture prior to moving in but charged £500 for this. Ageas should pay this (subject to the production of the invoice). Ageas should also pay a reasonable contribution towards fuel costs (Mr and Mrs W should provide details of the journeys and the fuel bought).

contents

Ageas carried out a desktop analysis of the value of the contents both of the entire house and those damaged beyond repair, rather than checking the contents at an early stage when they could have been inspected more thoroughly. By its own account this appeared to be a rough and ready calculation. It assessed Mr and Mrs W's claim as being modest when considered against the value insured. It assessed, without any real considered estimate that a number of items were repairable or not affected by the fire. Mr and Mrs W's claim was for £68,000. Ageas has confirmed its costs are based on its contractors' assessment of those costs. While it says the costs were agreed with H, I think the reason Mr and Mrs W accepted the £50,000 pay-out was because unless they did so the building works couldn't continue. I think that taking into account that some of the items needed restoration and that the pay-out was based on Ageas' contractors' rates, a fair and reasonable payment for the contents (in total) is £55,000. So Ageas should pay a further £5,000.

further expenses

As Mr and Mrs W couldn't get a wi-fi signal at the rented property they had to pay for a mobile router contract. I think Ageas should refund the cost paid under that contract.

Ageas should also pay for the council tax for the rented property. Mr and Mrs W also had to pay for bottled gas there and Ageas should refund that cost.

I don't propose to require Ageas to pay the costs of Mr and Mrs W's utility or other bills at their home, as those costs would have been incurred any way. I bear in mind that I'm asking Ageas to pay the costs of the rented property.

Ageas should add 8% interest to any costs it pays out from the date those costs were paid until it reimburses Mr and Mrs W. They should provide any necessary invoices to Ageas.

FLEE insurance

Mr and Mrs W say that they had to take out expensive FLEE insurance to cover the unoccupied property once their insurance expired in December 2018. The normal approach to this sort of case is that even if the insurance comes up for renewal during the claim, the insurer should nevertheless continue to renew the insurance and not apply any uplift because of the claim. This is at least until the renewal after the claim concludes. This doesn't appear to have been addressed by Ageas. My view is that Ageas should assess the premium it would have charged to renew the insurance from its renewal date in December 2018 (ignoring any uplift in respect of the claim itself) and repay to Mr and Mrs W compensation equivalent to the cost of the premiums they have had to pay for FLEE insurance less the cost of any premium it would have charged. If it can't assess the likely premium I would propose that the previous year's premium be taken as a baseline with a 5% uplift.

compensation

This claim caused Mr and Mrs W a huge amount of stress. A lot of that was caused by the distressing nature of the claim itself. And I understand that delays can be caused where the consumers are represented by a third party. Nevertheless Mr and Mrs W were left to shoulder the burden of the cost of alternative accommodation themselves over a number of months. The claim itself was delayed because of Ageas' initial enquiries and then by the delay in carrying out an asbestos inspection. Further delays were caused by Ageas not reviewing the contents until some months into the claim, and by the contractors not being paid. Our investigator proposed compensation of £1,200 which I think is fair and reasonable in the circumstances."

In respect of proof of the various costs involved, where possible Mr and Mrs W should supply invoices and/or proof of payment. With regard to the fuel costs I appreciate that invoices won't be available but the parties should be able to calculate them if Mr and Mrs W provide details of the dates and the mileage for the journeys.

As the parties have made no substantive comments, my provisional findings are now final and form part of this final decision. If Ageas has already paid the £1,200 compensation, then it will only need to pay the other payments set out in my decision, below,.

my final decision

I uphold the complaint and require Ageas Insurance Limited to pay to Mr and Mrs W:

- a further £5,000 for the contents.
- the cost of fuel and storage in respect of moving furniture to their rented accommodation in April/May 2019 (subject to proof of the storage costs).
- the cost of their mobile router contract.
- council tax and gas bills in respect of their rented property (subject to the provision of invoices).
- compensation equivalent to the difference in the premiums charged to Mr and Mrs W for FLEE insurance and the assessed cost of their normal insurance. If this can't be assessed then the previous year's figure for their insurance plus 5% should be taken as that latter cost.
- simple interest* at 8% per year on all the above payments from the date they were paid by Mr and Mrs W until reimbursement by Ageas, save for the contents payment where interest* should run from the date of the claim until payment.
- £1,200 compensation. If Ageas has already paid this compensation figure following my provisional decision, it has discharged its liability in this respect.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs W to accept or reject my decision before 20 June 2021.

Ray Lawley
ombudsman