

complaint

Mr and Mrs F had buildings and contents insurance for their business with Aviva Insurance Limited. They complain about Aviva's handling of their claim and the settlement it offered.

background

Mr and Mrs F made a claim following a serious fire at the premises. Aviva appointed loss adjusters and following investigations into the circumstances of the claim, it offered a reduced settlement. This was because it felt the building was 'underinsured', meaning that the rebuild value of the property was higher than the amount stated on the policy application.

Mr and Mrs F complained to Aviva about its decision to limit the settlement. They also complained about the actions of the surveyor they'd appointed, delays for which it felt Aviva was responsible and the fact that they'd been told by the loss adjuster that there was £30,000 worth of additional contents cover on their policy. Aviva said the property had been underinsured and so it had reduced the settlement in the same proportion. It also said it wasn't responsible for the actions of the surveyor, who Mr and Mrs F had appointed themselves, but it did accept responsibility for some delays, in respect of which it offered to pay Mr and Mrs F £500 compensation.

Mr and Mrs F weren't happy with the outcome of their complaint and so they complained to this service. Our adjudicator didn't feel that the complaint should be upheld. She felt that Aviva had acted reasonably in reducing the settlement to reflect the proportion of underinsurance. She also commented that she couldn't see any evidence that Mr and Mrs F had an additional £30,000 worth of contents cover or that Aviva was responsible for the conduct of the surveyor they had appointed. She agreed that Aviva had been responsible for delays but felt that £500 compensation was fair and reasonable.

Mr and Mrs F have asked for their complaint to be reviewed by an ombudsman. They maintain that the loss adjuster told them they had an additional £30,000 worth of contents cover and that Aviva had acted illegally in refusing to provide continuing cover.

my findings

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

The policy permits Aviva to limit the settlement 'proportionately' where the property has been underinsured. At the time of the claim, Aviva confirmed that *'calculation of rebuilding costs at £678,200 net of VAT, and your own surveyors calculation at £737,000, against a Sum Insured of £494,542 the premises are only between 67% and 72% adequately insured and therefore under the terms of the policy settlement is proportionally reduced'*. It therefore limited the settlement accordingly.

When Aviva offered the policy, it did so on the basis that the rebuild cost of the property was £450,000. The correct cost was £580,000 and so the property was underinsured. Aviva was given the incorrect information about the re-build value of the property by Mr and Mrs F's insurance broker and I haven't seen any evidence that it did anything to contribute to the error. In these circumstances, I think Aviva's decision to limit the settlement was fair.

Aviva has said it didn't renew Mr and Mrs F's cover because it no longer offered the policy, rather than it being anything to do with the claim. In these circumstances, I don't think it has treated Mr and Mrs F unfairly.

Mr and Mrs F have said that the loss adjuster told them that they had £30,000 additional contents cover. The policy didn't provide this additional cover and so even if the loss adjuster had said it existed, this wouldn't have affected the cover provided under the policy. An inaccurate comment from a loss adjuster could be relevant to an assessment of the level of compensation due, particularly if it has been acted on (and this resulted in some financial loss), but in the absence of evidence that the loss adjuster did make this comment, I'm unable to conclude that he did. Further, I don't think Aviva was responsible for any failings associated with the actions of the surveyor. This is because the surveyor was selected and paid for by Mr and Mrs F and wasn't therefore one of its agents.

Aviva has said that most of the delays were associated with the underinsurance issue. However, it has accepted responsibility for some delays, which were associated with the appointment of an electrician and the removal of some asbestos. I've considered the history of the claim and whilst Aviva's handling of the did result in some avoidable delay, I'm satisfied that £500 compensation is fair and reasonable and appropriately addresses the impact this had on Mr and Mrs F.

my final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs F to accept or reject my decision before 21 March 2016.

Carolyn Bonnell
ombudsman