

complaint

Mrs W is unhappy that Ageas Insurance Limited (Ageas) hasn't agreed to pay her claim for damage caused to her property after a fire. She has also complained about information provided during the claims process and the level of cover she had.

background

Mrs W purchased a new property in December 2016. The property was bought with the intention of renovating it before using it as a holiday let. Mrs W and her son in law appointed a number of contractors to complete the renovation.

During the renovation the property caught fire while the contractors were on site. Despite efforts by the contractors to put the fire out, it wasn't until fire crews attended that it was extinguished. The fire unfortunately caused a large amount of damage to the property. Mrs W made a claim under her home insurance policy to recover the cost of the work now needed to repair the damage.

Ageas appointed a loss adjuster and forensic scientist to investigate the fire – identifying the cause and whether it felt the claim would be paid.

The preliminary loss adjuster's report was completed in April 2017 and while the cause of the fire hadn't been determined – the early indication was it had been caused by a contractor on the site. The report said because of this it was likely the claim wouldn't be paid because of an exclusion which excluded liability for any damage caused by third party contractors. The report also highlighted a number of other exclusions which might be applied if the claim was paid.

The forensic report was completed on 23 June 2017. It concluded the fire started in the lounge in the vicinity of an extension reel which belonged to the electricians working in the property. There were no other electrical ignition sources in the area where the fire was first seen. So it was concluded the probable cause of the fire was an electrical fault in the reel.

Mrs W said she was not made aware of the contractor's exclusion until the point when Ageas informed her it wasn't able to pay the claim in July 2017. She said it was explained to her she was likely underinsured and Ageas would be applying the "average clause" for the claim – if paid, because of this.

While awaiting the outcome of the claim, Mrs W said she spoke with loss adjuster a number of times. She discussed the length of time it was taking for the full forensic report to be completed to explain what happened. She has said during these conversations she spoke about the cost of making the site safe and the cost of clearing the site to begin the repair work. Mrs W said she was told as long as the loss adjuster approved these costs, they would be paid.

These costs weren't met, and Ageas relied on the same exclusion mentioned above.

Mrs W complained to Ageas as she didn't think it was fair it wasn't agreeing to pay her claim. Ageas sent its final response letter which said on balance of probability; the fire was the responsibility of a contractor and was excluded from its cover because of this.

Our investigator looked at Mrs W's complaint. She said she didn't think Ageas had done anything wrong relying on the contractor exclusion. Mrs W said based on this clause, she didn't think the policy was suitable for her needs and was mis-sold because of this.

Mrs W felt the policy wasn't suitable because she was underinsured and it didn't provide cover for the work she was having done on the property – which Mrs W said was the main risk she wanted to protect against. As the policy wasn't sold by Ageas directly and this hadn't been considered by the seller, a separate complaint was set up by our investigator against the seller.

As Mrs W didn't agree with our investigator the complaint has been passed to me for a 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.

I have considered whether I think it's fair of Ageas to rely on the contractor exclusion and whether it should've paid Mrs W's claim. Based on everything I've seen I don't think it needs to pay the claim. I know this is disappointing for Mrs W, but I'll explain why.

Mrs W took out a buildings insurance policy that covered her for a number of things. The policy summary included details about what was and wasn't covered. As well as this, the policy schedule set out the value of the insurance and also included a number of "*Subjectivities/Endorsements applicable to this insurance*" on page three of the five page document. The first of these was the contractor's exclusion below.

"HH15 Contractors Exclusion Clause – This insurance does not cover loss, damage or liability arising out of the activity of contractors."

I don't know what was said when the policy was taken out with the seller and Mrs W said she wasn't aware of this. But the schedule of insurance does highlight there is restrictions which relate to the policy – drawing these to the attention of the policy holder. For Ageas to rely on this clause, it needs to be established that the damage caused to Mrs W's property was the result of contractor's activity.

When the claim was first made, Ageas instructed both a forensic scientist and loss adjuster to investigate. The initial reports by the forensic scientist and loss adjuster in April identified a potential cause of the fire as possibly being associated with the contractor's work.

The full forensic report wasn't completed until June 2017. This considered a number of different potential causes for the fire. But in conclusion said:

- I. *"The fire originated in the vicinity of an extension reel in the lounge.*
- II. *This extension reel belonged to electricians working on the property at the time of the fire.*
- III. *There were no other electrical ignition sources in the area where the fire was first seen.*
- IV. *I consider that the probable cause of the fire is an electrical fault in the extension reel."*

The forensic scientist couldn't confirm the electric reel was the source of the fire as tests on it couldn't be done – as the reel was stolen from the site following a break in after the first visit. But as there was no other electrical ignition sources in the area where the fire was first seen, I don't think the forensic scientist has been unreasonable concluding the reel was the likely cause of the fire.

The reel belonged to one of the contractors working on the site that day. It isn't clear who was using the reel and liability for this is being disputed. But I think it's fair to say the loss and damage to the property has likely occurred as a result of a contractor's activity. So I think Ageas has been correct in saying it doesn't have to pay the claim as this damage is excluded under the policy.

Mrs W has said she wasn't told for a long time whether the policy would pay her for the damage and repair work. But she was told prior to the final answer that she could get the site tidied up and the cost of this work would be covered – she said she was told this by the loss adjuster. Ageas has said this is not the case and it wouldn't have agreed any repair work until the claim was agreed.

Both the initial forensic report and loss adjuster's reports indicated the fire was caused by a contractor. The initial loss adjusters report also highlights a number of exclusions on the policy which could either restrict what will be paid or exclude it from being paid completely. So it's clear they were aware of this possibility from as early as April 2017.

I understand there was lots of communication between Mrs W and the loss adjuster – but as I think he was aware from April 2017 the claim probably wouldn't be paid. I think it's unlikely he would've told Mrs W the cost of the site clearance would be paid. And I don't think he could've given this confirmation prior to completing his loss assessment.

I think Ageas could've been better at sharing information with Mrs W about her claim and policy. But I haven't seen anything to show it provided her with wrong information. And the cost she incurred when the site was cleared is a cost I think she will have always needed to pay with the cover being excluded because of the cause of the damage.

I know Mrs W has complained about the policy not providing enough cover for the rebuild costs – as she is underinsured. But as I don't think Ageas has done anything wrong in not paying the claim, I don't think it needs to pay anything to Mrs W. So I won't be commenting on whether I think the property was or wasn't underinsured or whether Ageas would be able to apply an average clause to any payment.

Mrs W has complained about the policy being miss-sold with the possible underinsurance being one of these complaint points. But as the policy wasn't sold directly by Ageas, I can't comment on the sale and if anything went wrong here. A separate complaint has been set up against the seller and Mrs W's concerns about the sale will be addressed here.

I know this must be a very stressful and upsetting outcome for Mrs W but I can't say Ageas has done anything wrong in not paying her claim.

my final decision

For the reasons I've explained above, I don't uphold Mrs W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 8 January 2018.

Thomas Brissenden
ombudsman