

## **complaint**

Mr and Mrs M are unhappy that Ageas Insurance Limited has reduced the pay-out for their home insurance claim for water damage because their property was underinsured.

## **background**

In September 2017 Mr and Mrs M made a claim to Ageas for water damage following a water leak. When Ageas assessed the claim its loss adjuster determined that the property was substantially underinsured. Mr and Mrs M had estimated the rebuilding costs when taking out the insurance at £178,000. Ageas said it was about £238,000. Mr and Mrs M said that this was unfair and that they hadn't been given any guidance about how to estimate their property's value when taking out the policy. So, as they had had the property built themselves about 10 years previously, they put down their cost to do that with an added amount for ground works.

Ageas said the policy was bought through a broker and Mr and Mrs M should go back to the broker if they felt they weren't advised properly. It explained that its loss adjuster had used Royal Institute of Chartered Surveyors (RICS) rates based on the size of the property as set out in the local government property website, and from its own view of the property. It said it allowed for up to a 20% variation in the cost set out in the policy and the actual estimated rebuilding cost. It also pointed out that the property was very well maintained with fixtures and fittings of a high quality.

Mr and Mrs M were unhappy with this and referred the matter to this service. Our casework manager reviewed the matter and ultimately concluded that Ageas had acted fairly. He noted that Mr and Mrs M had assessed the rebuilding cost on what it had cost them to build some 10 years previously, without allowing for inflation.

The matter has been passed to me for consideration.

## **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 think first of all that it was appropriate for Ageas to accept without query Mr and Mrs M's estimated value. They purchased the policy through a price comparison website which referred them onto a broker's website, where they input the estimated value of their house. As far as I can see the guidance given referred the online purchaser to the BCIS (Building Cost Information Service), provided by the RICS. That does provide a wide range of results depending on the size and condition of the property. But as I've said, Ageas wasn't responsible for advising Mr and Mrs M about this. I haven't assessed here the quality of the advice given to them or whether the broker could have taken any other action to advise them.

Ultimately Mr and Mrs M decided to use the original cost to them of building the property. They added a cost for groundworks. If they had scaled up their original building cost for inflation, they would have come within the 20% Ageas allows for in calculating where there has been underinsurance. I also note the BCIS index does allow for an increase if the property is of high quality. It does appear that Mr and Mrs M's house is very well maintained with fixtures and fittings of a high quality.

Mr and Mrs M feel it is unfair that the loss adjuster used a local government property website to calculate the rebuilding cost, when they hadn't previously been told of this. I think the website was used to calculate the area of the building, backed up by the loss adjuster's visit to the property. The actual cost was assessed using RICS rates which Mr and Mrs M had been referred to.

So although I know this will be disappointing to Mr and Mrs M, I don't think that Ageas acted unfairly in deciding the property was underinsured.

### **my final decision**

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs M to accept or reject my decision before 27 January 2019.

Ray Lawley  
**ombudsman**