

## The complaint

Mrs P complains that Aviva Insurance Limited won't reimburse her for work covered by her home insurance policy.

## What happened

Mrs P had home insurance with Aviva, bought through an intermediary. In January 2023, her plumber detected a leak from her central heating system. Mrs P called Aviva to report this.

Aviva's call handler confirmed that Mrs P's policy included trace and access cover. However, she told Mrs P there wasn't yet an insured event under her policy because there was no visible water damage. Mrs P challenged this. Her plumber explained that:

- Part of the heating system was underneath a concrete floor that itself was under wooden floorboards. He believed the water was already likely to have caused damage underneath the concrete flooring.
- He'd shut off the heating system to prevent further damage. If he turned it back on, this would cause more severe damage which would eventually become visible but be more costly to repair.

Aviva's call handler acknowledged this was a difficult situation but wouldn't accept the claim. Mrs P asked whether she could make a claim if she appointed her own contractors, they traced the leak, and found water damage. The call handler agreed that Aviva would assess this. Mrs P said she'd do this and keep Aviva informed of progress.

Mrs P's contractors carried out their trace work in early February and found the leak underneath the kitchen floor. This work cost Mrs P over £11,000. The related water damage is the subject of a separate claim by Mrs P.

Mrs P sent her contractor's invoices to Aviva and asked it to refund these costs. Aviva offered her just over £1,000 based on its own estimate. Mrs P didn't accept this and brought her complaint to this service. She wants Aviva to refund her costs in full.

Our investigator didn't recommend that Mrs P's complaint should be upheld. He agreed with Mrs P that her policy covered trace and access work. However, he agreed with Aviva that the costs Mrs P claimed were too high. He thought Aviva's offer was fair. Mrs P disagreed with our investigator, so the case was passed to me to consider.

## My provisional decision

I issued a provisional decision on this complaint on 20 December 2023. I said:

*"First, Mrs P has an ongoing claim with Aviva related to the damage to her central heating system. I know Mrs P is also unhappy with how Aviva has handled this claim but, for the avoidance of doubt, my decision relates only to her dispute about the trace and access work that preceded her other claim."*

*I think there are two questions for me to address here:*

- 1. Was Mrs P covered for 'trace and access' work?*
- 2. If yes, how much should Aviva refund?*

*Trace and access cover*

*Aviva has made several (at times contradictory) arguments for why Mrs P isn't covered for the trace and access work carried out by her contractor. For example:*

- Aviva's call handler initially agreed Mrs P's policy included trace and access cover but as there was "no visible damage" Mrs P couldn't claim for this (phone call, 31 January 2023).*
- It later told Mrs P "there is no cover for tracing" (letter, 2 March 2023).*
- It also told Mrs P it had made a fair offer (same letter, 2 March 2023).*
- It told us "Non-invasive tracing isn't covered" by Mrs P's policy.*

*I've reviewed Mrs P's policy documents and I'm satisfied she's covered for trace and access work, based on the following:*

- The Insurance Product Information Document (IPID) says the policy covers "Sourcing a domestic water leak which is damaging the home..."*
- Page 9 of the policy booklet ('Tracing and Accessing Leaks') says: "If the buildings are damaged due to an oil leak or water escaping from any water tanks, pipes, equipment or fixed heating systems in the home. We will pay the reasonable cost of removing, replacing and reinstating any part of the buildings necessary to find the source of any water or oil leak and make good."*

*I don't understand how Aviva can quote the 'Tracing and Accessing Leaks' section – as it did in its 2 March letter – and argue that Mrs P isn't covered for tracing.*

*I note that Aviva told Mrs P it had made "an offer for what we think the reasonable costs of 'tracing and accessing' the leak would be." That seems to contradict its argument that there's no cover for tracing. If Mrs P's policy didn't cover tracing, why would Aviva make this offer? During a call on 24 February, an Aviva call handler acknowledged that Mrs P had been given contradictory information about this.*

*That leaves the argument about "visible damage". Aviva argues that for there to have been damage there has to be visible evidence of the damage. I don't think that's fair. First, there's no reference to visible damage in the policy wording. Second, I think damage can be present without being able to see it. In this case, Mrs P had an expert tell her there was water escaping from her heating system and this was likely to be causing damage around the site of the leak.*

*I think that's enough for Aviva to have accepted Mrs P's trace and access claim. I think it's also relevant that significant water damage – the basis for Mrs P's related claim – was later found underneath her flooring.*

*We asked Aviva what it expected Mrs P to have done. It told us: "What [Mrs P] should have done is either come back to us and say there was no obvious leak and could we source the leak or had her plumber dig up the floor to try and find the leak."*

*Again, I don't fully understand this. As soon as Mrs P's plumber detected a leak from her heating system, she reported this to Aviva. The plumber wasn't certain where the leak was, which is why he suggested she call her insurer to request trace and access work. I'm not*

sure what else Mrs P could reasonably have done. If she'd waited until there was "visible damage" the damage to her home is likely to have been much more significant. In that scenario, Aviva might reasonably have asked Mrs P why she allowed the leak to worsen after it had been detected.

For these reasons, I don't think Aviva acted fairly when it handled Mrs P's claim. I'm satisfied that Mrs P's policy covered her for trace and access work and I think it should have accepted her claim.

### Costs

The question then is how much Aviva should refund Mrs P. As I've said above, her policy says Aviva will pay "the reasonable cost" of finding a leak. Aviva's call handler also told her this during the 31 January call. Page 10 of the booklet explains what's meant by this: "Where we refer to the term 'reasonable' in the Tracing and accessing leaks [sic], we mean that we will pay costs for goods and services which are competitive in the relevant marketplace."

Aviva valued the work at £1,152 (including VAT), based on an estimated eight hours' labour. Mrs P paid her contractor around £11,000, including 66.5 hours' labour. I've got concerns about both assessments of costs.

I can't find any evidence in Aviva's internal notes to support its assessment that it would have traced the leak in eight hours. Our investigator asked Aviva how it decided this, but it simply said: "our surveyor felt that eight hours was sufficient to cover digging up the floor to access the leak".

Mrs P provided seven invoices from her contractor, totalling £11,333 (including VAT). The contractor's report shows it carried out the following work to find the leak: a pressure test, thermal imaging, moisture readings, and a tracer gas test. These tests enabled it to find the leak under the kitchen floor. My concerns are:

- In my experience £11,333 is extremely high for this type of work.
- The invoices split the costs between labour and parts/materials but don't go into any more detail. I've read the contractor's report, however I'm finding it difficult to reconcile this with 66.5 hours of labour costs<sup>1</sup>.
- There are two invoices for each of 2, 3 and 4 February. It isn't clear to me why there should be more than one invoice for these days. There's a question of whether these invoices duplicate costs.
- If there's no duplication, the invoices suggest it took 65 hours of labour to trace and access the leak<sup>2</sup>.
- Mrs P called Aviva at around 3.45pm on 2 February to say the leak had been found. The invoices suggest two contractors worked 18 hours on 3 February, and three contractors worked 17.5 hours on 4 February. While I accept that the report said it was difficult to access the leak, this doesn't adequately explain why it took more than 35 hours of labour to complete repairs after locating it.
- Only one of the invoices shows the 10% discount that Mrs P said she was able to negotiate, so I'm not sure exactly how much Mrs P paid her contractor.

I want to make it clear that I don't think Mrs P has done anything wrong. But, while I accept the policy limit is £1m, it doesn't cover any costs; it covers reasonable costs. From what I've

---

<sup>1</sup> The invoices show the contractor billed Mrs P for 66.5 hours of labour.

<sup>2</sup> Page 16 of the leak detection report says the "time spent carrying out repairs" was 1.5 hours. That suggests it took 65 hours of labour to trace and access the leak.

*seen, I'm not persuaded that the cost of her contractor's work was reasonable. I'd also understand why an insurer might be reluctant to pay a claim based on its invoices.*

*As I've explained, I don't think Aviva's estimate is reasonable. I've thought carefully about how to settle this. Having done so, I think the fairest way is for the parties to split the costs. This aims to strike a fair balance between acknowledging Aviva's liability for reasonable costs but reflect that it should have accepted Mrs P's claim in the first place.*

*That means that – subject to any further arguments or evidence provided by the parties – I think UKI should refund half the cost of repairs, less the £600 policy excess. I'd like Mrs P to provide evidence of how much she paid her contractor when she replies to my provisional decision. Aviva should then add interest to the refund at 8% simple per year from the date Mrs P paid her contractor until the date of settlement.*

*Finally, I think Aviva has caused Mrs P some distress through its handling of her claim, particularly in its inconsistent and sometimes confusing explanations about what her policy covered. I think it should compensate her for this. Based on what this service awards in similar circumstances, I think Aviva should pay Mrs P £200."*

## **Responses to my provisional decision**

Aviva told us that it believed the amount Mrs P was charged for her trace and access work was excessive, however it was prepared to make a higher contribution to her costs. It based its new offer on three days trace and access work at £120 per hour (plus VAT), plus £500 for the specialist gas tracer and £30 waste. That comes to £3,986, including VAT.

Mrs P provided bank statements showing how much she paid her contractor and provided some more information about the work. The statements show she paid £10,392.24<sup>3</sup>, including VAT. She doesn't think she should be liable for 50% of costs that should be covered by her insurance and asked me to reconsider my findings on costs. She said:

- Invoices weren't duplicated; two engineers attended on three of the four days, and each raised an invoice for those days.
- The leak was found late on the third day of work and repaired on the fourth.
- It took so long to trace the leak because of the complex underfloor heating system in her home.
- Aviva didn't propose an alternative contractor and was kept informed of the work being done.
- She acted responsibly to find and fix the leak before it caused further damage.

## **What I've decided – and why**

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

I understand Mrs P's points and why she doesn't think she should be liable for any of the costs. I'm also grateful for the extra detail she provided. However, this hasn't changed my opinion. In summary:

- The invoices don't provide any breakdown of work carried out and I'm still concerned that there might have been some duplication in them.

---

<sup>3</sup> The bank statements show Mrs P paid £11,333.04 but was refunded £940.80 to reflect a discount that hadn't been applied to some of the invoices.

- If there was no duplication, the invoices and engineer's report suggests it took two engineers a total of 65 hours to trace the leak.
- I understand the complexity of the underfloor heating system, however this still seems an excessively long time to trace a leak.
- I don't think the costs are reasonable given the lack of detail about the work carried out and the difficulty I have reconciling these with the engineer's report.

While I acknowledge Aviva's new offer, it hasn't offered any other comment on my provisional findings. I think it's worth repeating that it initially refused to accept the trace and access claim, forcing Mrs P to arrange her own contractors. If it had accepted the claim in the first place, it could have limited costs. Given the significant expense Mrs P incurred after Aviva told her she wasn't covered for this work, I don't think its new offer is fair.

I've thought very carefully about the responses from both parties. Having done so, I'm satisfied that the outcome set out in my provisional decision remains a fair one. Aviva should refund Mrs P 50% of her costs, plus 8% interest from the date of her last payment (6 February 2023, according to her bank statements). It should also pay Mrs P £200 to reflect its poor handling of her claim.

### **My final decision**

My final decision is that I uphold the complaint for the same reasons set out in my provisional decision. I order Aviva Insurance Limited to:

- Refund Mrs P 50% of what she paid her contractor for the trace and access work, less the policy excess. This comes to £4,596.12.
- Add interest to this amount at 8% simple per year from 6 February 2023 to the date of settlement.
- Pay Mrs P £200 to reflect the distress its handling of her claim caused her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 9 April 2024.

Simon Begley  
**Ombudsman**