

The complaint

Mr T is unhappy with how Aviva Insurance Limited (Aviva) has settled a claim made under his commercial property insurance policy.

Any references to Aviva include their agents. Mr T is represented by Mr B, but for ease I'll primarily refer to Mr T.

What happened

Mr T owns a property which was damaged by a tenant, who vacated the property in June 2021. He made a claim to Aviva for the damage which was accepted. As Mr T had already begun to carry out repairs to the property, it was agreed he would present Aviva with invoices for the works carried out.

Aviva considered a number of invoices submitted and told Mr T they would pay him a total of £53,349.35, £17,660 of which had already been paid. As Mr T believed the amount owed to him was much higher than this, he complained.

Aviva issued their final response letter in May 2023. They said whilst Mr T was looking for a settlement figure in the region £131,000 their loss adjuster had made an increased offer of £63,892.50. Aviva said they would consider a request for a higher settlement figure if Mr T was able to provide factual evidence to support this. Aviva acknowledged there had been a delay in reviewing the settlement figure and offered £100 in respect of this.

Unhappy with Aviva's response to his complaint, Mr T referred his concerns to the Financial Ombudsman Service. He said Aviva had promised to pay him £100,000. Mr T's concerns were considered by one of our investigators who said she didn't agree Aviva needed to do more. They'd considered the invoices presented by Mr T and made a fair offer, whilst also saying they would consider any further invoices presented. She considered the £100 offered for the delay to be fair.

Aviva accepted these conclusions, but Mr T didn't. He said the loss adjuster had spent a day in June 2021 assessing the property and offered Mr T assurances the claim would be accepted.

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.

First, I'd like to reassure Mr T that while I've summarised the background to this complaint and his submissions to us, I've carefully considered all that's been said and sent. In this decision though, I haven't commented on each point that's been made and nor do our rules require me to. Instead, I've focused on what I think are the key issues.

I think as a starting point, it's important to clarify the policy doesn't provide cover for any and all damage to the property. It's for Mr T to show he's got a valid claim under the policy. So,

whilst I note Mr T has said the property needed significant updates, such as the rewiring, it's not automatically the case all the repairs Mr T carried out will be insured events covered by the property.

After considering the initial quote for repairs Mr T said he could carry them out more cheaply. Aviva and Mr T's broker agreed Mr T would carry out the repairs to one room at a time, and Aviva would reimburse his costs. Those costs are under dispute and my role is to decide if the offer Aviva has made is fair and reasonable in the circumstances.

I'm satisfied Aviva have taken steps to consider the numerous invoices and bank statements provided by Mr T. This was not a straightforward task. Some of the invoices were duplicates and some were not clear in setting out what the costs claimed for had been incurred in relation to. Or it was not clear how they were related to the cover provided by the policy. But Aviva were entitled to carry out checks to ensure the invoices evidenced that repairs carried out were in relation to damage covered by the policy. Unless the policy stated so, I wouldn't expect Aviva to be covering damage caused by, for example, wear and tear or had occurred gradually.

I've considered the increased offer of £63,892.50 offered in the final response letter. Aviva set out how they've reached this figure and shared this with Mr T's broker in April 2023. I'm satisfied this amount is appropriate based on the evidence I've seen. The offer was increased from £53,349.35 (which had been calculated based on invoices Aviva had been able to verify) to the amount originally quoted by the contractor Mr T asked to provide a quote. Though as I've noted, Mr B indicated he could carry out the works for a lower cost.

I'm also satisfied Aviva has provided sufficient and reasonable assurances to show they would consider any further invoices or information Mr T can provide to support his claim. I haven't seen any information to support Mr T's position that Aviva agreed to pay him £100,000 to settle the claim. As things stand, I'm satisfied the offer of £63,892.50, less the policy excess, is fair and reasonable in the circumstances and I'm not going to require Aviva to increase the amount offered.

I note Aviva offered to pay a total amount of £63,892.50 (less the £17,660 already paid) in their final response letter. Mr T didn't accept this offer, saying he wanted to consider it. Mr T has since said he doesn't consider this amount to be sufficient.

I'm satisfied Aviva has been able to verify £53,349.35 of costs incurred by Mr T and has acted fairly in increasing this to the cost indicated by Mr T's contractor. This increase will have gone some way to covering more of Mr T's financial losses he says he incurred but haven't been verified. And I'm mindful this would more than cover any interest award I might normally consider making. So, for this reason, I'm not going to require Aviva to do anything more. With this in mind, Mr T can reach out to Aviva to discuss how the outstanding balance can be made.

Aviva has acknowledged there was an avoidable delay in starting to review the invoices provided by Mr T. This shouldn't have happened as it was clear that, given the long running circumstances leading up Mr T regaining the property, starting to review the invoices could have prevented avoidable worry for Mr T. But correspondence with the loss adjuster was also being managed by Mr T's broker, I consider this lessened the impact on him. I'm satisfied the award of £100 is fair and reasonable in the circumstances.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 14 January 2025.

Emma Hawkins

Ombudsman