

The complaint

Mr Y has complained about how U K Insurance Limited (UKI) dealt with a claim for an escape of water under his home insurance policy.

What happened

Mr Y had an escape of water in his home, so he contacted UKI to make a claim. While UKI was dealing with the claim, Mr Y contacted UKI because he wanted to move to alternative accommodation as he said his home was unsafe. UKI declined this. So, Mr Y arranged his own alternative accommodation.

Mr Y contacted UKI a number of times about issues with his claim. He then made a complaint. Mr Y wanted UKI to refund his full alternative accommodation costs, replace the screed under his kitchen floor and to pay the cost of new blinds and a new fridge.

When UKI replied, it offered to pay £2,100 per month towards accommodation costs, rather than the £2,800 Mr Y was paying. It said the screed was defective and didn't form part of the claim, so Mr Y would need to replace this himself. It said the blinds weren't damaged as part of the claim and the issue was that Mr Y said the blinds couldn't be removed and rehung. However, it had no evidence of this so its offer to remove and store the blinds remained. UKI also said there was no evidence to show the issue with the fridge formed part of the claim. UKI said there were issues with it replying to some emails, but some of the delays were due to Mr Y not sending in reports and quotes for a few months. It offered Mr Y £600 compensation for the issues with handling the claim.

Mr Y complained to this service. Our investigator upheld the complaint in part. The investigator thought Mr Y's home could have been dangerous due to it not having proper flooring, which would have resulted in genuine concern for Mr Y about his young family. It therefore wasn't unreasonable for Mr Y to move to alternative accommodation, even though it was at a higher price than UKI would have paid if it had arranged it. However, it was reasonable for UKI not to pay for the fridge, as there was no evidence to show the damage was the result of the leak, and for UKI to remove the blinds and then consider how to replace them if they couldn't be reinstalled. The investigator also hadn't seen evidence to show the damage to the screed was the result of the escape of water, so UKI didn't need to pay to re-lay it.

As UKI did not agree, the complaint has been referred to me.

I issued my provisional decision on 20 June 2021. In my provisional decision, I explained the reasons why I was planning not to uphold the complaint. I said:

Mr Y's policy said it would pay for alternative accommodation where the policyholder's home was uninhabitable while it was being repaired as part of a claim.

The policy also said:

“Alternative accommodation where appropriate will be reflective of the individuals’ needs. Each claim will be reviewed taking into account the duration, location and occupancy and will continue for the shortest amount of time necessary to restore your home to a habitable condition.”

Mr Y contacted UKI to say that he thought his home was uninhabitable. UKI’s claim handler disagreed and said the property was habitable. Mr Y moved out of the house anyway and asked UKI to pay the £2,800 monthly cost of the alternative accommodation. UKI declined to do so. However, UKI later agreed to pay for alternative accommodation and offered £10,500 based on a rate of £2,100 per month for five months. So, I’ve thought about whether this was fair and reasonable.

When Mr Y first found the damage, he arranged for a plumber to carry out a repair. When Mr Y contacted UKI to make an insurance claim, UKI asked Mr Y to provide the plumber’s invoice to show the cause of damage. Mr Y provided the invoice about five months later. UKI has said that it was only at this point that the full extent of the damage became clear. At that point, UKI appointed a loss adjuster because of the size of the claim. The loss adjuster then visited Mr Y’s home about three weeks later. During that visit, the loss adjuster told Mr Y that any alternative accommodation costs would be based on a similar sized property within the local vicinity. Based on the loss adjuster’s research, this was around £1,750 per month for a six-month let.

A couple of months later, the loss adjuster wrote to Mr Y and said the costs of the alternative accommodation would be paid at a rate of £2,100 per month backdated to when Mr Y first moved out of his home. This figure was based on rental prices in the local area for a comparable property, as well as costs such as council tax, broadband and utilities.

Although UKI has said Mr Y found the property online, Mr Y has said he found it advertised in a shop window. He said “I had to act immediately and consider what was best for the health, safety and sanctity of my family, and at the time that was the best and most suitable property and value for money that I could find”. Mr Y said he also searched for properties through local estate agents and online, but that when he contacted the owner of this property, he had to secure it urgently as there were other interested parties.

I’ve thought about this carefully. I wouldn’t expect an insurer to pay the full costs of alternative accommodation without it considering whether those costs were fair and reasonable. In this instance, the amount Mr Y was paying for alternative accommodation was about £1,000 more than the normal cost of similar rental accommodation in the local area. I’ve also looked at the location of the rental property and it seemed to be about 10 miles from Mr Y’s home. I don’t know whether that affected the cost of the rental property, but it does suggest that Mr Y was willing to consider a large search area to secure his own accommodation, including beyond his locality.

I’m aware that when the loss adjuster searched for properties, she found properties that were similar to Mr Y’s and they cost about £1,750. I also looked at what is currently available on the rental market, both local to Mr Y’s home and taking into account the distance of the property to which Mr Y moved. There were several similar properties to Mr Y’s and at costs comparable to those suggested by UKI. I’m aware that neither my searches or those by the loss adjuster showed exactly what was available at the time that Mr Y was looking, but I haven’t seen anything that persuades me that the rental market was so different at that time that UKI should therefore pay the costs of renting a property at £2,800 per month. Based on its research, UKI offered a total of £10,500, which took into account the cost of local rental properties similar to Mr Y’s and an allowance to cover other amenities. I think that was

reasonable in the circumstances and I don't currently intend to require UKI to pay anything further.

Mr Y also wanted UKI to replace the floor screed. When UKI lifted the flooring in order to dry it, it found there was a fault with it due to the way the battens were screwed into the screed, which had resulted in cracks in some areas and possibly affected the damp proof membrane. UKI declined to replace the screed because it wasn't damaged by the escape of water, the issue was due to poor workmanship or faulty design.

I've read the reports about this. These explained that the issues with the screed were due to the way the floor had previously been constructed and this might have resulted in the damp proof membrane being breached. The drying certificate also listed a number of damp issues that were assessed to be pre-existing, rather than related to the escape of water. From what I've seen, UKI seems to have restored the property to its pre-loss state. I'm aware this meant UKI issued a certificate to show the drying had been terminated and that it wasn't guaranteed the property was dry. But, based on the evidence I've seen, I think UKI acted reasonably by dealing with the issues that formed part of the claim and for it decide that the issues with the screed and the damp issues listed on the drying certificate were pre-existing issues.

I've also thought about the fridge. When the damage was reported to UKI, it said it was unlikely the problem with the fridge was due to the leak, as it was located away from the area affected by the leak. Mr Y also said he didn't know why the fridge had stopped working. Mr Y arranged for an electrician to replace the fridge and the broken one was disposed of. As Mr Y was aware of UKI's view that the fridge wasn't damaged by the leak, if he had evidence to show otherwise, he could have provided it for UKI to consider. I'm aware that since then there have been issues with Mr Y getting a report from the electrician, but I don't think that means UKI needs to replace the fridge. In the circumstances, I think it was reasonable for UKI to decline to cover the cost of the fridge.

Mr Y also wanted UKI to pay to replace his blinds. The blinds weren't damaged as part of the claim. The issue was that they needed to be removed for some of the work to take place. Mr Y said once they were taken down, it wouldn't be possible to rehang them. I think it was reasonable for UKI to say it would remove and store them and then, when it reached that point, address the issue of whether it was possible to rehang them.

I'm aware that UKI also paid £600 compensation. In the circumstances and having considered what happened in this case, I think that was reasonable and I don't intend to require UKI to pay further compensation.

I asked both parties to send me any more information or evidence they wanted me to look at by 21 July 2021.

UKI accepted the decision.

Mr Y provided extensive additional comments, which I summarise below:

- *UKI had provided inaccurate and misleading information.*
- *UKI hadn't appropriately advised Mr Y at various points in the claim, such as the need for the plumber's report and about the alternative accommodation.*
- *UKI breached its own policies and the Association of British Insurer's guidelines.*
- *UKI's actions confirmed that it knew the cause of damage.*
- *There were a range of hazards in Mr Y's home, including mould and exposed gas pipes.*

- The loss adjuster was appointed very late and took some time to address the alternative accommodation.
- UKI put the burden on Mr Y to navigate the claim.
- Mr Y's property was uninhabitable.
- The amount offered by UKI for the alternative accommodation wasn't enough to cover the costs of the broadband and council tax for his home. It also didn't include the cost of furniture and utensils.
- There were no comparable properties to Mr Y's home on the rental market at the time.
- Mr Y hadn't seen evidence of the searches conducted by UKI for the alternative accommodation.
- The searches conducted by UKI weren't for comparable properties as they didn't provide the same facilities. The properties UKI identified were in no way comparable and didn't meet Mr Y's needs in any way.
- Mr Y provided details of properties he said were similar to his own for between £2,250 and £2,400 per month.
- UKI hadn't conducted any investigation of the issue with the screed.
- It wasn't Mr Y's position that the screed was damaged by the claim. The escape of water had caused water to breach the screed not damage it.
- Mr Y had now provided UKI with the electrician's report.
- Mr Y accepted that it was reasonable to address any issue with the blinds when they were refitted.

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.

Having done so, I've decided not to uphold this complaint and for the reasons given in my provisional decision. I've read and considered the extensive additional comments provided by Mr Y, even if I don't comment on them here.

I'm aware of Mr Y's strongly held views about the alternative accommodation and his reasons for this. UKI paid for alternative accommodation for Mr Y backdated to when Mr Y moved out of his home. The issue is whether UKI should cover the full costs Mr Y paid for the accommodation that he arranged.

Mr Y has said he was not asked to provide the plumber's report to show the cause of damage. UKI wrote to Mr Y about the claim when he said he wanted to move to alternative accommodation. UKI's letter said:

"I refer to our telephone conversation and confirm I await the plumbers report with cause of damage, estimates for reinstatement works as discussed."

Mr Y also seems to have quoted from this letter when he provided additional evidence in response to my provisional decision, so I've no reason to think he didn't receive it. So, I think UKI told Mr Y why it needed the plumber's report as part of considering the claim.

Mr Y said he didn't receive any details of the properties UKI used for comparison. I've read the email exchanges between the loss adjuster and Mr Y. This included one in which the loss adjuster sent the details. Mr Y then replied and commented on those properties. So, I'm satisfied that Mr Y was sent details of the properties and had the opportunity to comment on them.

Mr Y has also said the amount UKI offered for alternative accommodation didn't cover the cost for the broadband and council tax in his own home. However, I wouldn't expect the payment to cover those costs as Mr Y would have had to pay these anyway. The issue is whether the amount offered by UKI was reasonable for the cost of the alternative accommodation. I'm aware that Mr Y provided examples of properties that were around £2,300 per month and that he has said the properties identified by UKI were in no way similar to his own. I'm aware that Mr Y also said there was only one property available that met his needs, which he found advertised in a shop window.

UKI wasn't required to provide accommodation that was identical to Mr Y's home. I think it was reasonable for UKI to base the cost for the alternative accommodation on similar properties in the local area with an additional amount added to this to cover costs such as council tax and broadband. Taking into account the full circumstances of what happened, I'm not persuaded that UKI needed to meet the full cost of the only property Mr Y said was available and met his needs. I remain of the view that the amount UKI offered for the alternative accommodation was reasonable in the circumstances.

Mr Y also said UKI didn't investigate the issue with the screed. I've looked again at what happened. UKI asked the drying company to inspect the floor as part of the drying process. I've seen the comments Mr Y sent to UKI about the drying company's report, including in relation to the screed. UKI also arranged for surveyors to look at the flooring and had follow up discussions with them. I've read the email the loss adjuster sent to Mr Y explaining what the surveyors said. So, I'm satisfied UKI inspected the floor and that it explained to Mr Y why the screed didn't form part of the claim.

Mr Y has also said he has now provided UKI with the electrician's report. This doesn't change my view that it was reasonable for UKI to decline that part of the claim based on the information available to it at the time.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that this complaint is not upheld

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 24 August 2021.

Louise O'Sullivan
Ombudsman