

The complaint

Mrs E and Mr H have complained about Arch Insurance (UK) Limited. They aren't happy about the way it dealt with a claim under their home insurance policy.

Other companies have been involved in this complaint, but as Arch are responsible for it, I've just referred to them in this decision.

What happened

Mrs E and Mr H made a claim under their home insurance policy in September 2020 after an escape of water at their property caused a significant amount of damage across the ground floor hallway, living room and kitchen. To the extent that they had to be put up in alternative accommodation (AA). And they went on to complain to Arch, and then this service, about the adequacy of the accommodation and the repairs to their kitchen.

Our investigator looked into things for Mrs E and Mr H and partly upheld their complaint. He broke the complaint up into two distinct parts (the alternative accommodation and the level of repairs to the kitchen). Although he understood Mrs E and Mr H's level of frustration about the suitability of the alternative accommodation it provided he thought Arch had generally met its responsibilities under the policy. He thought Arch had acted reasonably in sourcing and paying up front for suitable accommodation but didn't feel it was responsible for the difficulties they faced when they moved into the accommodation.

However, our investigator thought that Arch hadn't done enough in relation to the level of repairs undertaken to the kitchen. He thought Arch should undertake the following within a reasonable period of time in order to avoid further delays -

- Carry out a further survey of the work needed to put the kitchen back into its pre-loss condition, including any additional work to the base of the units.
- The settlement must also account for replacing the white interior cabinets, as these don't match the remaining, undamaged cabinets.
- The settlement must include an accurate figure for labour, as opposed to an estimate. This can be based either on the rates already supplied by the present engaged supplier or another suitably qualified expert. It should be based on amounts the consumer is likely to have to pay and not the rates of a business-approved contractor.
- Pay £350 compensation for the trouble and upset caused.

Both sides agreed to the investigator's proposed settlement and plan of action in relation to the level of damage to the kitchen. But Mrs E and Mr H didn't agree that Arch had acted fairly in relation to the AA provided. So, the matter has been passed to me to decide.

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.

As both sides accept the investigator's proposal's around the rectification work required to the kitchen I don't propose to go over the detail of this. And I agree that this seems a fair and reasonable way to advance this part of the complaint. So, I will simply focus on the issue that remains in dispute – whether Arch should further compensate Mrs E and Mr H for the difficulties they faced at the AA.

I note that Mrs E and Mr H have raised further points that Arch weren't given the opportunity to respond to as part of this complaint. So they have been advised to raise these points separately with Arch and I won't comment on these issues here.

I can understand how frustrating and difficult Mrs E and Mr H found all of this. Dealing with any insurance claim can be difficult, never mind one that forces people from their homes and into AA. But there was always going to be an awful lot of stress and inconvenience caused following an escape of water claim like this one and I think Arch acted fairly in the circumstances.

The AA provided was difficult to find and there was always going to be elements of the accommodation that wouldn't be ideal or sit with Mrs E and Mr H's present circumstances and expectations. I know they feel that the location was noisy, the wi-fi was unreliable, that there wasn't any complimentary cleaning supplies, there was scuff marks on the walls and that the business wouldn't agree a penthouse apartment that Mrs E and Mr H suggested – I'll call it a penthouse for ease but I accept Mrs E and Mr H's point that it wasn't a city centre penthouse apartment and was just on the top floor of the building but was marketed as such.

While I understand why these issues caused difficulties to Mrs E and Mr H I don't think there was much that could be done about these issues that I could hold Arch responsible for. I understand that they discussed the property, including parking and the internet speed, with the management company before moving in so I think they had the opportunity to consider these issues before moving in. I accept that all this caused Mrs E and Mr H difficulties, but I don't think I can hold Arch responsible for this.

I say this as there was a clear consideration of paying reasonable costs here and I think the property was generally reasonable if not ideal. Any property would have needed some degree of compromise as it wouldn't be like for like (to Mrs E and Mr H's own property) and I wouldn't expect Arch to place them in significantly better accommodation – such as the penthouse apartment they identified. So, overall, I think Arch acted reasonably here, especially as it was difficult to find any suitable accommodation during the pandemic.

However, I note there was a pest problem at the first AA that Mrs E and Mr H were placed at and this must have been a particularly stressful thing for them to face. And I'm sure it would have caused them a fair degree of stress. But I haven't seen anything to suggest that Arch were aware of any issues before Mrs E and Mr H moved in. And I can't hold it responsible for any failings by the property management company as they didn't have any control over them.

I'm pleased to see that Arch looked to move Mrs E and Mr H as a matter of urgency when it was made aware of the issue – indeed the move would have taken place the same day but Mrs E and Mr H didn't decide which of the two options they wished to take until outside office hours. But Arch acted quickly and reasonably here in arranging their move the next day and paying significant dry cleaning and cleaning costs to Mrs E and Mr H. I know Mrs E and Mr H still wanted to move to the penthouse apartment identified but, for the reasons outlined above, I don't think that would be fair. I say this as there was other suitable accommodation available.

Given all of this, and despite my natural sympathy for the position Mrs E and Mr H faced, I agree with the investigator that the fair and reasonable thing to do is to partly uphold this complaint. And ask Arch to take the steps outlined above to ensure the rectification work for the kitchen is undertaken to try and ensure Mrs E and Mr H are put back into their pre-loss position. But I make no further award for the problems faced in relation to the AA as I feel that Arch did all it could to limit the impact on Mrs E and Mr H.

My final decision

It follows, for the reasons given above, that I partly uphold this complaint. And I require Arch Insurance (UK) Limited to –

- Carry out a further survey of the work needed to put the kitchen back into its pre-loss condition, including any additional work to the base of the units. The subsequent settlement should include all the necessary work. Arch can either engage the supplier that had already been engaged or use the survey that was produced or appoint a new independent expert.
- The settlement must also account for replacing the white interior cabinets, as these don't match the remaining, undamaged cabinets.
- The settlement must include an accurate figure for labour, as opposed to an estimate. This can be based either on the rates already supplied by the present engaged supplier or another suitably qualified expert. It should be based on amounts the consumer is likely to have to pay and not the rates of a business-approved contractor.
- Pay £350 compensation for the trouble and upset caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E and Mr H to accept or reject my decision before 1 April 2022.

Colin Keegan
Ombudsman