

## **The complaint**

Mr B complains Arch Insurance (UK) Limited handled his property insurance claim poorly.

## **What happened**

In March 2019 Mr B made a claim on his Arch property owners insurance policy. A vehicle damaged his building by crashing into it. He had to close the ground floor shop. It also left a first floor flat unsafe for Mr B's tenant to reside in.

There is quite a long and detailed background to the claim and complaint. As the details are known to those involved, I'll only summarise matters here. In May 2021 Mr B referred his complaint to this service. He was unhappy with progress of the claim and how Arch had managed it. Our investigator considered the matter. Neither Mr B nor Arch agreed with his recommendations entirely.

Arch agreed to his recommendation that it pay Mr B for loss of shop income between 1 May 2020 and September 2020 – deducting an amount equivalent to any state funded pandemic income replacement received. Mr B felt the loss of income should be paid from an earlier date. Arch also agreed to pay Mr B three months simple interest at 8% on costs he incurred for emergency repairs.

Arch didn't accept the investigator's recommendations that it:

- redo repairs to provide the building with a wider door opening of 915mm with matching shutter,
- arrange for flooring on the first floor of the property to be levelled and
- redo repairs to the property's gable end wall to remove a bow in the brickwork.

The investigator didn't think it would be reasonable to ask, as Mr B had, for Arch to cover advertising costs, loss of goodwill and redecoration costs.

Mr B didn't accept the investigator's view that Arch wasn't responsible for any significant unnecessary delay until about February 2020. Neither did he accept £500 as sufficient compensation to recognise the unnecessary distress and inconvenience Arch had caused him during the claim.

As agreement couldn't be reached the complaint was passed to me to decide. For reasons of practicality I've only commented on the issues that are still clearly in dispute. I've taken a lack of direct response, from Mr B or Arch, to any of the investigator's findings as acceptance of his position. So I haven't commented on those issues. Where there were no objections to one of the investigator's recommendations, I've taken it as acceptance by both parties and included it in my intended direction to Arch.

In September 2022 I issued a provisional decision. In it I explained why I intended to require Arch to take various steps to put things right for Mr B. These included redoing repairs to some brickwork, working with suppliers to adjust security shutters, paying Mr B lost income

and £750 compensation. I also said why I didn't plan on requiring Arch to level the first-floor flooring or rebuild the door opening.

My reasoning in the provisional decision forms part of this final decision, so I've copied it in below. I also invited Mr B and Arch to provide any further information they would like me to consider before I issue a final decision. Arch didn't respond by the deadline. Mr B accepted my provisional decision on all points, except for the door opening issue. He asked that I reconsider this – and provided some comments.

### ***What I've provisionally 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 this is an informal service I haven't addressed here every comment and piece of evidence. Instead I've focused on what I consider to be the key issues. But I would like to reassure Mr B and Arch that I've considered everything provided.*

*I don't intend to require Arch to create a wider door opening. Mr B says the original door opening was 915mm, but has been rebuilt at 870mm. He says this has caused access problems for customers carrying larger loads. He's provided some pre and post-repair photos with a A4 poster to illustrate his point.*

*Arch say the original door opening was 896mm – it says its been rebuilt to the same dimension. It feels a perception of a smaller opening is created by the different design and position of railings for the door's shutters.*

*A sketch, by Arch's structural engineer, produced after the collision, but pre-repair, shows an opening of 896mm. Unfortunately Mr B hasn't provided anything to confirm 915mm was the true original dimension. There are various sketches and plans of the door and opening with differing dimensions. However neither side has provided, as far as I've seen, anything to confirm either the exact pre-loss dimensions or post-repair width (for example a photo with a tape measure).*

*Having considered everything I'm currently more persuaded by what Arch has provided and said. I think it's most likely the door opening has been rebuilt to the original width. Photos do support the position of the shutter railings as being a potential issue. They do appear to overhang the door, rather than sitting flush to the edge as originally.*

*However, the end impact is likely to be the same for Mr B - a smaller width for access. I can see Arch previously offered to liaise with the shutter company to find a remedy for this. It said if that failed it could look to appoint an independent shutter company to provide a solution. That seems a reasonable approach to me. So I intend to require Arch to work with suppliers to adjust the shutters or install new ones that provide access through the full width of the door opening.*

*It's worth noting that if I was persuaded the door had been rebuilt narrower than its original design, I wouldn't automatically require Arch to rebuild it. I accept a narrower doorway might provide an inconvenience, but I'd need to be persuaded a complete rebuild would be a proportionate resolution.*

*Our investigator recommended Arch level the flooring on the property's first floor. However, I don't intend to require the insurer to do that. The only expert evidence or opinion I've seen for this issue is provided by Arch's structural engineer. He said*

*sloping to the front corner of the floor is probably a legacy of previous subsidence. There's no other expert opinion or pre-incident photos to counter this. So on balance I can't say the floor is most likely sloping because of the collision. That means I can't reasonably say Arch should repair it as part of this claim.*

*I've considered various photos of the gable end wall. The paint had already deteriorated prior to the claim incident. I'm satisfied its condition isn't related to the collision. I can see Arch repainted the front brickwork, so the two areas don't match. However they didn't match before the incident. So I don't intend to require Arch to repaint the gable end wall.*

*Mr B says repairs have resulted in a bow in the wall. Post repair photos do suggest an outward curve towards the bottom of the corner brickwork. I accept there's no photo to show this wasn't already there before the collision. However, looking at a pre-repair, post-collision photo I'm persuaded it's most likely the result of the repair. It shows brickwork damaged in the relevant area. It seems this has been repaired without sufficient focus on creating a straight line vertically. Mr B feels this may cause him problems when coming to sell the property. Rectification of this problem seems unlikely to involve significant cost, time or inconvenience. So I intend to require Arch to redo the corner brickwork with a vertical straight line.*

*Mr B's also unhappy with the mortar work on the gable end wall. I accept its application for the repair is liberal in places. But looking at the photos I can't say it's out of keeping with other historically applied areas of mortar. Unfortunately it can take time until mortar matches the tone of that applied much earlier. Overall, on the available evidence, I'm not persuaded it would be fair and reasonable to require Arch to redo the mortar.*

*A focus of Mr B's frustration is the time Arch took to complete repairs. He's of the opinion it failed to progress the claim efficiently, with jobs being repeated, for example, due to poor workmanship.*

*Our investigator was of the opinion the repairs should have been completed, to allow Mr B to reopen his business, around 1 May 2020. As a result he recommended Arch step in and compensate him for loss of income from then until the date he did open - 1 September 2020. Mr B had asked for loss of income to be awarded from 23 March 2020 – the date the third-party insurer stopped covering the loss.*

*It's difficult for me to say exactly how long it should have taken Arch to repair the property to a standard allowing Mr B's business to reopen. But I've seen enough to persuade me that if the claim had been managed reasonably efficiently it probably would have happened before late March 2020. I've considered the processes and requirements involved in achieving that – but I'm not persuaded it was reasonable that repair work didn't start until late November 2019. After that there seems to have been other delays including with fitting windows. That caused a knock-on effect on the internal refit. There were also some continued problems with the shutters.*

*So I intend to require Arch to pay loss of income for the period from 23 March 2020 to 1 September 2020. For simplicity this should be at the same rate paid by the third-party insurer. I agree with Arch's point that any pandemic related subsidy for loss of income for the same period should be deducted. As far as I've seen Mr B was awarded a total of £3,212 for that period. I ask Mr B to let me know, in response to this provisional decision, if he received anything for the period 23 March 2020 to 30 April 2022.*

*Mr B's asked that Arch fund advertising costs. He says a campaign is necessary to rebuild his customer base after the prolonged closure of the business. I've accepted Arch did cause it to be closed longer than might have otherwise been expected. However, even if the claim had been managed perfectly it would have been out of action for a reasonably long spell. On top of that the pandemic may have influenced custom. So I think, unfortunately, it's Mr B's custom would have been negatively affected, and advertising costs incurred, even without Arch's errors.*

*Arch has agreed to reimburse electric costs from the repair works. That seems fair to me. So I intend to require it to pay Mr B for this on receipt of evidence of those costs.*

*Arch agreed to the investigator's distress and inconvenience compensation award of £500. Mr B's indicated that's an inadequate amount. Its important to note that I can only fairly award compensation for any unnecessary distress and inconvenience Arch is responsible for. With a claim of this sort, by its very nature there, there's likely to be a certain amount of unavoidable distress and inconvenience for the policyholder.*

*I've considered Mr B's comments about the impact, on his health and personality, of Arch's management of the claim. I've looked at timeline of the claim. As I've said Arch does seem to have made various mistakes during the claim, some of these have delayed progress and no doubt caused Mr B some unnecessary frustration and inconvenience. There does seem to have been a significant impact on him. There's been the inconvenience of having to deal with the mistakes. In addition I think it's likely the delay and errors have caused him several months of unnecessary distress about his business and future income. To recognise this I intend to require Arch to pay him £750.*

### **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.

Mr B says he doesn't recall claiming the original door opening width was 915mm. He thinks Arch's contractor first introduced that measurement – but still feels the opening has been rebuilt narrower than it was originally. He referred to the photos featuring an A4 poster that he feels illustrate the new pillar being wider than the original. He calculated, using the photos, that it's an additional 11.5cm. I'd already considered those photos before issuing my provisional decision. I explained why I wasn't persuaded by them. Unfortunately Mr B still hasn't provided anything to confirm the actual original or rebuilt measurements.

I've considered the rest of Mr B's recent comments on the door opening issue – including his description of Arch's drawings and record keeping. But I haven't changed my mind. For the reasons given in my provisional decision I still think its most likely the door was rebuilt to its original width – with the shutters narrowing the accessible space. So I will require Arch to work with suppliers to adjust the shutters or install new ones that provide access through the full width of the door opening.

## **My final decision**

For the reasons given above, I require Arch Insurance (UK) Limited to:

- work with suppliers to adjust the shutters or install new ones providing access through the full width of the door opening,
- redo repairs to the corner brickwork so that it follows a vertical straight line,
- pay simple interest at 8% for three months on the amount Mr B paid for emergency works,
- pay Mr B loss of income for his retail business from 23 March 2020 to 1 September 2020 (minus the total covid related income he received for this period. Simple interest at 8% should be added from 1 September 2020 to the date of settlement),
- reimburse Mr B's (on receipt of evidence) electric costs incurred during the repairs (simple interest should be added from the date of the bills until the date of settlement)
- and pay him £750 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 18 October 2022.

Daniel Martin  
**Ombudsman**