DRN-3300129

The complaint

Mr S is unhappy with the way St Andrew's Insurance Plc has dealt with a subsidence claim he made under his home insurance policy.

What happened

Mr S got in touch with St Andrew's in June 2017 to make a claim for subsidence damage affecting his flat. Other neighbours in the block also made claims to their respective insurers.

St Andrew's accepted the claim for damage to Mr S' flat and appointed a loss adjuster, IG, to arrange the repairs. A neighbour's insurer appointed a different loss adjuster, C, and it was agreed they would lead the claim for the things that affected the entire block – stopping the cause of subsidence and arranging external building repairs.

I understand the cause of subsidence was identified as a collapsed drain and C had arranged for that to be repaired prior to Mr S making the claim. IG was satisfied that meant the building was stable and repairs to Mr S' flat could be arranged.

Mr S received a schedule of work in late 2019, but he didn't think this reflected the necessary repairs – or what had been suggested earlier in the claim. He heard from two different builders appointed by IG in 2020, but neither began work.

In August 2020, Mr S complained about the lack of progress with the repairs. He questioned whether the delay had been caused by St Andrew's setting a limit on the amount it would pay. And he wasn't persuaded the repairs proposed by IG would put things right.

In summary, St Andrew's said:

- The schedule of repair had been approved by IG and was correct.
- But if Mr S provided evidence to show the schedule wasn't right, St Andrew's would review it.
- St Andrew's would pay the cost to carry out a like for like repair. It hadn't set a limit on how much this might be.
- There had been lengthy and unacceptable delays. It apologised for the poor service and paid Mr S £400 compensation.

After a further exchange between Mr S and St Andrew's, he referred his complaint to this service. He's made a number of points. I'll summarise the key ones:

- Mr S thought IG had compiled a schedule of work in 2018, which was more comprehensive than the one provided in 2019, and queried what had happened to it.
- He was also concerned that the block of flats may not have stabilised.
- When he asked to see engineering reports or monitoring, he was passed between IG and C – without being given any information.
- He was particularly concerned about damage to his chimney and whether this was caused by subsidence.

- During the time he's been waiting for repairs, he's had to live with the damage and its impact. That included sticking doors and windows, which made his flat hotter and harder to ventilate in the summer.
- Unrelated to the subsidence claim, his boiler broke down in 2018. On the understanding that building repairs would be carried out soon, he thought it would be best to combine putting the subsidence repairs with the work required for a new heating system – but subsequent delays meant being without a boiler in 2019 and 2020 as well.

Our investigator concluded that St Andrew's should pay an additional £300 compensation, making £700 in total. He was satisfied the subsidence movement had been stopped and the schedule of work put forward by St Andrew's was reasonable. He wasn't persuaded the evidence showed the chimney problems were associated with subsidence.

St Andrew's agreed to pay the additional compensation suggested by the investigator.

Mr S asked for an ombudsman to look at the complaint. He questioned what had happened to the 2018 schedule of work and noted he still hadn't received any information about the subsidence problem from IG or C.

My provisional decision

I recently issued a provisional decision in which I said:

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

As there are a number of different points to this complaint, I've split my findings into sub-sections. Whilst I've read and thought about all the points made, I'll only comment on those I consider to be relevant to resolving this dispute.

Building Stability

When an insurer accepts a subsidence claim, it's generally required to carry out a lasting and effective repair of the subsidence damage. That means stabilising the building, usually by stopping the cause of the movement. And then carrying out building repairs. And it's usual best practice to share relevant information with the policyholder, like engineering reports and monitoring results, to evidence the stability of the building.

Because of that, St Andrew's is responsible for ensuring Mr S' flat is stable before it carries out repairs. Another insurer has taken the lead in stabilising and monitoring the building, but that doesn't change St Andrew's responsibility to Mr S. It must be satisfied the building is stable, even if the stabilisation has been brought about and confirmed by another party.

St Andrew's appointed IG, who reported after its initial inspection in July 2017 that the drainage repairs had been completed around six months earlier. It also noted a period of monitoring had taken place and confirmed stability. It was satisfied it was appropriate to schedule up and carry out building repairs.

On the face of it, this shows St Andrew's fulfilled its responsibility to ensure Mr S' flat had stabilised. Where the cause of subsidence is stopped, such as by repairing a leaking drain, the subsoil and building will usually return to stability after a period of time.

Mr S recently took advice from a structural engineer, D. They said, “there is every likelihood that the movement will eventually stabilise” and recommended monitoring be used to check that all movement has stopped. This is consistent with the approach St Andrew’s taken.

However, St Andrew’s hasn’t provided a copy of the monitoring or other information about the stability of the building, such as engineering reports from IG or C. It would be reasonable for St Andrew’s to show Mr S why it’s satisfied it’s fulfilled its duty to ensure the building has been stabilised. In response to this provisional decision, it should provide the monitoring information and any relevant engineering reports about the stability of the building. This will be shared with Mr S.

Assuming the information supports the position St Andrew’s has taken, I’m likely to find that St Andrew’s has shown Mr S’ flat is stable and repairs are the appropriate next step.

I understand Mr S was concerned about damage to his chimney. He provided comments from a builder in 2020, who had carried out repairs several years earlier. They described some new damage that had arisen between inspections. But they didn’t say whether they thought it had been caused by subsidence or something else. D said there was no evidence of recent movement to the chimney.

Because of this, I’m not persuaded the chimney damage has been caused by subsidence. And nor does it indicate Mr S’ flat is yet to stabilise.

If Mr S remains concerned that the building may not be stable, he’s entitled to take more advice about it. I would expect St Andrew’s to consider any evidence Mr S may provide.

Schedule of work

As the evidence available indicates the flat is stable, I think it was reasonable for St Andrew’s to move to the repair phase of the claim. Usually that involves creating a schedule of repair by inspecting the damage with the builder, agreeing that schedule with the policyholder, and then making arrangements to carry out the work.

Mr S has questioned whether a schedule of work was created in 2018. IG agrees there were multiple visits to Mr S’ flat in 2018. It says they were carried out by a contractor it no longer uses. It’s unclear whether a schedule was produced by that contractor. But even if it was, IG doesn’t have access to it.

Whether or not an earlier schedule existed – and regardless of what it may have contained – the important thing now is for the current schedule to be a fair reflection of the work required to carry out a lasting and effective repair of the subsidence damage.

I understand IG and its builder visited Mr S in October 2019. And a month later had approved a schedule of work. St Andrew’s has shown it to us. It contains a detailed floorplan, including relevant measurements. It also contains a list of work, broken down room by room, of what St Andrew’s intends to do. It appears repairs are scheduled for every room of the flat. I’m satisfied it’s a credible and thorough assessment of the work required.

Any schedule is always an estimate of the likely work involved – sometimes it’s only when starting work that the full extent of damage and necessary repair becomes clear, so some variation to the schedule is common. St Andrew’s has agreed to consider whether further work is required once it gets started on the repairs. I think that’s reasonable.

My role in this complaint isn’t to act as a quantity surveyor and assess the detail of the schedule – it’s to consider the evidence available to decide whether St Andrew’s has treated

Mr S fairly. Mr S hasn't provided an alternative schedule of work and when he questioned a few points, St Andrew's gave him a clear and reasonable answer. So I haven't seen anything to persuade me a change to the schedule of work is required.

I've seen no evidence to suggest St Andrew's has set a limit or cap on the amount it would pay for the work. The policy has a maximum sum insured, but that's significantly greater than the estimated cost of the repairs.

Taking all of this into account, I'm not persuaded St Andrew's has acted unfairly on this point. The evidence shows the schedule is reasonable and its agreed to adapt it if need be.

Mr S is still entitled to let St Andrew's know if he thinks anything else is missing from it. Or to provide an alternative schedule. In either case, I'd expect St Andrew's to consider whether it should change its schedule.

Claim handling

St Andrew's has conceded that it caused considerable avoidable delays. That the claim has taken longer than it should have done to reach this position isn't in dispute.

As a result, I won't go into detail about exactly what happened throughout the claim. I'll focus on establishing how much of a delay there was, the impact on Mr S – and what the appropriate level of compensation is in these circumstances.

In summary, St Andrew's asked IG to handle the claim in June 2017. It visited soon after, and established the building was stable and repairs could be carried out. Yet the visit which led to the current schedule didn't take place until October 2019. After that the schedule was created and sent to Mr S promptly.

It's unclear why it took over two years to reach that stage. St Andrew's has accepted there were numerous unnecessary visits to Mr S' flat during that time. But ultimately a schedule of work wasn't created until October 2019. The delay may have been caused by IG's former contractor, IG itself, or a lack of oversight by St Andrew's – perhaps a combination. But as St Andrew's is responsible for all three of these parties, I don't think it matters which it was. The key point is that St Andrew's is responsible for a considerable and avoidable delay.

In the meantime, Mr S was living in a damaged flat. I think it would have been distressing for him to see the damage but have little, if any, idea about when it might be fixed – especially over such a prolonged period of time. I also think it would have been inconvenient for him to accommodate a number of unnecessary visits during this time – when only the one in October 2019 which led to the current schedule was necessary.

Mr S has described the problems brought about by living in a flat where the windows had become stuck, in part due to the building movement, and there was little ventilation, causing him particular discomfort in the heat of the summer. He says he spent more on air conditioning than he usually would as a result.

He acknowledges the boiler breaking down was unrelated to the subsidence problem. But because the radiators were on walls with crack damage, it made sense for him to postpone work to the heating system until the building damage could be resolved. And he quite rightly had the expectation that would be carried out promptly. He says he spent more than he usually would on electricity to heat his flat in the winter as a result of the boiler problem.

Mr S has provided evidence of these costs. St Andrew's has offered to estimate the likely additional costs, over and above that Mr S would usually spend. I think that's a reasonable

approach to take. In response to this provisional decision, St Andrew's should set out its estimate so I can consider it and make a specific award in my final decision.

After Mr S received the 2019 schedule, he paid the policy excess in January 2020 to enable repairs to begin. He says a builder visited him in February but had a different schedule and ultimately they chose not to carry out the work for him. After that, the impact of Covid 19 meant things couldn't progress until later in the year. Mr S says he then heard from a builder who was ready to start work that day, but who didn't have a schedule of work with them. This led to Mr S making a complaint.

St Andrew's has accepted there were further avoidable delays in 2020. Setting aside the time periods when Covid 19 restrictions prevented it from taking action, this amounted to several further months of avoidable delay. It also meant further visits to Mr S' flat that didn't add meaningfully to the claim experience.

I've thought about the impact on Mr S of the avoidable problems caused by St Andrew's, particularly the avoidable delays and additional visits. Overall, I consider a total compensation figure of £1,200 would be reasonable and proportionate to the distress and inconvenience caused. That includes anything already paid or offered by St Andrew's.

Responses to my provisional decision

Both parties responded. I'll summarise what they said. St Andrew's said:

- It thought the additional compensation I asked it to pay was disproportionate to the inconvenience it had caused. But it agreed to pay it to bring an end to matters.
- It also agreed to estimate and pay the additional heating and air conditioning costs Mr S faced. It said it would need further information from Mr S to do this.
- And it provided the monitoring readings, which were shared with Mr S.

And Mr S said:

- IG had been unclear about how many times it and/or its contractors had visited over the years. And their schedule of work took multiple visits to produce, not just one.
- He told St Andrew's his door had jammed shut in 2020 but received no response.
- St Andrew's and IG didn't carry out any monitoring of their own. The monitoring they provided was from a neighbour's flat. It's not accompanied by an engineering report.
- He thought the builders had indicated the current schedule of work was less comprehensive than an earlier version.

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.

St Andrew's has now provided the monitoring data. It shows five readings were taken, over a period of around 15 months. The last reading was taken in 2017. The readings weren't taken by St Andrew's or its agent, so it wasn't in direct control of them. But it was relying on these readings to show Mr S' flat was stable. And it was clear Mr S was concerned about the stability of his flat. So I think it should have done more to share them Mr S much earlier than it did. I've factored that into the amount of compensation I've awarded.

It's agreed the readings aren't from Mr S' flat, but they are from another flat in the same building. Because of that, I'm satisfied they're a reasonable indicator of the position in Mr S'

flat. IG says the readings show stability with all movement within tolerable limits. I agree the results aren't consistent with the degree of movement usually seen when a building is actively subsiding. And the readings have been taken over a reasonable period of time.

Whilst there isn't an accompanying engineering report with the readings, I'm persuaded the readings alone support IG's view on stability. I also take into account that D didn't suggest the flat was actively moving. Because of this, I remain satisfied St Andrew's has shown Mr S' flat is likely to be stable and its appropriate to carry out repairs.

It's clear Mr S is concerned the repairs scheduled may not be sufficient. But no further information has been provided to show what repairs he thinks should be carried out. So I remain satisfied that St Andrew's schedule is reasonable.

St Andrew's has agreed to pay the compensation I asked it to and also to estimate and pay the additional heating and air conditioning costs. Mr S didn't comment on these points directly, although he did question the amount of visits St Andrew's and its agents had made.

Overall, I'm satisfied £1,200 is reasonable and proportionate compensation for the avoidable distress and inconvenience caused by significant delays, many unnecessary or ineffective visits, and poor communication at times. The lack of response to the jammed door is an example of that.

I'm also satisfied it's reasonable for St Andrew's to pay the additional costs that have resulted from the subsidence problem. If St Andrew's needs more information to do this, it should let Mr S know exactly what it needs.

My final decision

I uphold this complaint and require St Andrew's Insurance Plc to:

- Estimate and pay the additional heating and air conditioning costs.
- Pay a total of £1,200 compensation.
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Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 31 March 2022.

James Neville
Ombudsman