

The complaint

Mr and Mrs R have complained about the way their claim was handled by AA Underwriting Insurance Company Limited ('AA') under their home insurance policy following a shower leak.

There were other parties involved in this complaint on behalf of AA, such as surveyors, claims agents and contractors. For ease of reference however, I will only refer to AA in this decision.

What happened

Mr and Mrs R had a home insurance policy with AA at the relevant time. In January 2021 Mr and Mrs R made a claim under their AA home insurance policy following an incident involving a cracked and leaking shower.

AA's surveyor initially assessed that the repair works would cost just over £1,450 (including VAT) and AA offered Mr and Mrs R a cash settlement which they declined. AA subsequently arranged the repairs which cost significantly more than this.

The work was due to start in April 2021, but this work was cancelled as the contractor had Covid-19. Mr R chased AA and the works were re-arranged to take place a fortnight later. When the contractor attended, he said he was unable to carry out the work as there was underfloor heating which might be affected. Due to potential additional works, further surveyors attended the property at the end of April 2021 and a revised plan of works was prepared. The works commenced a fortnight later.

Mr and Mrs R were unhappy with the time it took for their claim to be dealt with. They said it caused a great deal of stress as well as financial loss due to wasted time. They also said that they were without their shower for four months and that, with two young children in the house, this was very stressful. Mr R said that he'd lost business hours having to deal with what he described as incompetence from AA's representatives. He felt that AA had been complicit in fraud as he didn't consider that the contractors carried out all the work they claimed for. AA offered the sum of £150 in compensation for certain problems in dealing with the claim which it recognised.

Mr and Mrs R expressed dissatisfaction with the outcome of their complaint, however AA didn't consider increased compensation was justified. Mr and Mrs R then referred their complaint to our service and wanted our service to *'investigate the fraud that has been perpetrated and the time taken from the original claim to the date of completion'*. Mr and Mrs R were looking for the sum of £360 compensation at that stage.

Our investigator upheld the complaint to the extent that she thought that the compensatory payment for service failures should be increased from £150 to £200. She noted that Mr R and AA disagreed on some of the facts. She said that there was no evidence to prove that anyone had lied or been given wrong information. The investigator also stated that AA had given assurance that the contractor's invoice was thoroughly reviewed, and that some items were removed before final payment. She concluded that as our service doesn't regulate

business contracts with contractors, she could only look at what happened on the claim and the impact it's had on Mr and Mrs R.

As to the cancellation of the initial appointment, she said that whilst she appreciated that this caused delays, *'it wasn't anybody's fault and unfortunately is just part of current life during the pandemic.'* She said that Mr R had to chase to arrange a new appointment and that this wasn't acceptable.

On the question of underfloor heating, our investigator said that the contractor should have been aware of this fact as it was clearly noted during the initial surveyor's visit, but he arrived unprepared and the work couldn't go ahead. She thought that this wasted Mr and Mrs R's time and delayed the claim.

The investigator noted that the significantly higher eventual cost suggested that the initial surveyor didn't carry out a thorough survey and its quality was questionable given that a further survey was required. As Mr and Mrs R didn't accept the initial surveyor's cash settlement however she didn't think they'd suffered any financial loss.

As to the fact that Mr and Mrs R weren't given the opportunity to consider a cash offer following preparation of a second estimate, our investigator didn't think this was unreasonable. This was in view of the understanding that Mr and Mrs R had previously said that they wished AA to proceed with the work. She didn't think there was sufficient evidence that this resulted in any negative impact or loss that would warrant compensation.

Our investigator considered that bearing in mind the service's published guidance, £200 was appropriate compensation for the identified errors by AA. She said that the award took into account inconvenience for Mr and Mrs R's wasted time and postponement of Mr R's work. She said she would consider any identified financial loss. Mr R claimed £720 in response and then considered £1,520 to be a prudent sum. He subsequently agreed that he didn't lose work but had to delay his work to deal with the claim.

In conclusion, our investigator thought that AA's customer service fell short of the expected level of customer service in certain respects. Neither Mr and Mrs R nor AA accepted this view. In the circumstances the complaint was been referred to me to make a final decision.

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.

The issue for me to consider is whether AA's offer of compensation was fair and reasonable in the light of everything that's happened. I've concluded that it wasn't fair and reasonable in all respects as didn't entirely recognise its service failures. I'll explain why.

I turn first to what Mr and Mrs R have said about the matter. Mr and Mrs R's main complaint was that the contractors were engaged by AA in January 2021 but that there were, *'numerous false starts due to incompetence'*. They said that the contractor eventually attended site in May 2021, four months after AA recorded the claim.

Mr and Mrs R's other main concern was about the contractor's billing. They said that they provided the contractor with paint worth around £30 which they wanted the contractor itself to pay. They stated that the contractor made a fraudulent claim which included the cost of paint and other works which they hadn't carried out. They also considered that the contractor had over-charged for labour but that the claims agents had said that the invoice was paid and there was nothing more they could do about it.

Mr R also referred to other linked concerns regarding the service they'd received, including: -

- being told to pay the insurance excess otherwise the work wouldn't be booked in. He subsequently accepted that this was company policy.
- being asked to sign a poor-quality mandate for works which he considered to be incorrect, placing the risk on himself, and so he signed an amended version.
- the specification regarding the shower tray was incorrect.
- throughout the process he'd informed AA's representatives on numerous occasions that the bathroom had underfloor heating but was assured at each stage that all would be fine.
- on the morning when work was due to start, he received a message stating that the plumber had called in sick and that the job would need to be re-scheduled. He accepted that this was an unforeseen occurrence however was unhappy about the subsequent lack of communication.
- the contractor informed Mr R that they would be back in touch to re-schedule, however Mr R had to chase the matter.
- on the re-scheduled date, the plumber was late and allegedly had to go to another job and would be late. Mr R was again unhappy regarding lack of communication.
- the plumber confirmed Mr R's original misgivings in relation to the underfloor heating. Mr R had mentioned this more than once to AA's representatives as it was his biggest concern. This meant that the work was again delayed.
- the plumber confirmed that the wrong shower tray had been sent, even though Mr R had given the exact dimensions to AA.
- He wasn't made an offer for the revised scope of works to be carried out by himself and thought it was AA's responsibility to raise this. He'd declined the initial offer as he thought that the repairs could cost significantly more and this was confirmed by the subsequent survey, due to contingencies for flooring, tiling and remedial works.
- In summary Mr R felt that '*unbelievable incompetence*' had been shown in relation to this project.

I now turn to what AA has to say in response to the complaint. On the central issue of delay, it states that the contractor carried out an initial site visit in early February 2021. It said that after authorisation had been provided for the contractors to proceed, it attempted to contact Mr and Mrs R on several occasions. It said it was awaiting a signed mandate and eventually received an amended version in early March. It said that part of the delay was due to the delay in signing the mandate as a mandate allowed the contractors to book in works and order materials.

AA said that a mid-April 2021 date was arranged, however the plumber then had to self-isolate due to Covid-19. AA said that the re-scheduled contractor who then attended at the end of April said that he hadn't been informed about the presence of underfloor heating. As to the attendance of a further surveyor, AA said that the aim was to try and remove the shower tray without breaking any floor tiles and underfloor heating, '*to prevent work from escalating*'. The claims agent said that Mr R was happy with this decision. When work was completed AA said that they accommodated Mr R's request to change the appointment from a Friday to a Monday.

AA said that it appreciated that Mr R felt that he'd been unduly inconvenienced during the claim. It said that it makes every effort to minimise inconvenience during a claim but couldn't eliminate it entirely. It said that there will always be a certain degree of inconvenience as works need to be completed and these will need a level of co-operation from the policyholder to organise these works. As to the family being without usage of a shower for several months, AA noted that the property had three bathrooms.

As to compensation, AA said that its offer of £150 compensation was *'to recognise any inconvenience that [Mr R] may have felt'*. It noted that Mr R's request for £360 compensation was 50% of the original cash settlement offer. It considered however that its offer of £150 was appropriate to acknowledge what it thought were minor delays in commencing works due to the requirement for a pre-start meeting with a second surveyor.

As to the contractor's bill, AA appreciated Mr R's comments, however it said that there was a reconciliation process between the claims' agents and the contractor. It was confident that its in-house surveyor would have identified any allegedly fraudulent charging for works. The surveyor visited the property and was sent details of progress and completion.

Turning now to the evidence, I've looked carefully at the documents and information provided by both AA and Mr and Mrs R to reach my final decision.

On the central issue of delay, I'm satisfied that some elements of the delay that occurred were beyond the control of any party. It was unfortunate that the first appointment was delayed as the contractor had to self-isolate due to Covid-19 in line with government guidelines. I don't consider the delay in this respect to be unfair or unreasonable in the circumstances.

There are other elements of the service provided by AA however which were not of high standard. Mr and Mrs R had to chase AA for a date when work would be re-scheduled, and they weren't kept updated when the contractor then turned up late.

There were also clearly internal communication failures. AA should have ensured that the contractor was aware that the shower had underfloor heating. This was clearly noted during the initial surveyor's visit and recorded. The delays caused by this service error caused inconvenience and delay for Mr and Mrs R. This was compounded by the fact that it seems that the surveyor who initially assessed the work didn't build in a contingency for additional works in view of the significantly higher eventual cost.

As to Mr and Mrs R's allegation that the contractors had committed a fraud by submitting an invoice for works that weren't all carried out, unfortunately that's not a matter which I can determine. AA was adamant that its in-house surveyor would have identified any allegedly fraudulent charging for works. It's the case however that our service doesn't regulate contracts between insurers and their contractors. More importantly however, as fraud is a criminal matter, if Mr and Mrs R wish to pursue this element of their complaint, they would need to refer any such complaint through the appropriate channels.

Regarding the other elements of Mr and Mrs R's complaint, I can understand why AA didn't make an offer of a cash settlement following the second surveyor's visit. Mr and Mrs R had agreed a course of action that AA's representatives would proceed with the repairs. I don't consider it to be unfair or unreasonable that AA didn't follow this up. Finally, as to having to pay the policy excess and sign a mandate before works could commence, this is a matter of policy and not uncommon practice and I can't say that this was unfair or unreasonable.

In conclusion, I'm satisfied that Mr and Mrs R have been put to an element of unnecessary inconvenience and disruption due to some service failures by AA. I note that Mr R didn't lose work, however he had to delay it to deal with the claim. I agree that the £150 offered by AA is a little on the low side and that £200 provides a fairer and more reasonable award in the circumstances. AA acknowledged responsibility for minor delays, however I consider that the failure of internal communication about the presence of underfloor heating did create additional stress and inconvenience to Mr and Mrs R which the additional £50 award recognises.

My final decision

For the reasons given above, I uphold Mr and Mrs R's complaint and require AA Underwriting Insurance Company Limited to pay compensation in the sum of £200 to Mr and Mrs R.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R and Mr R to accept or reject my decision before 12 May 2022.

Claire Jones
Ombudsman