

## **The complaint**

Mrs D complains that Tesco Underwriting Limited (“Tesco”) has unfairly handled a subsidence claim under her home insurance policy.

## **What happened**

The background of this complaint is well known to all parties, so I’ve summarised events.

- Mrs D made a claim under her buildings insurance policy. The subject of which has been considered by this Service previously under a separate reference. I issued a final decision in October 2021 on the matters of delays, financial losses, alternative accommodation, and compensation – considering the claim up until June 2020.
- I explained that matters addressed after this period, including snagging issues and subsidence concerns would need to be considered separately. This complaint concerns the events that followed onwards up until October 2021, which was the period covered by our Investigator’s assessment.
- Mrs D has told this Service that the claim had not meaningfully progressed, with outstanding concerns about snagging and its proposed cash settlement. She also referenced a water leak that she said showed the subsidence repairs completed previously were not effective or lasting.
- Tesco provided a report from surveyor (Company A) who visited the property in September 2021 to review repairs completed by a previous Tesco instructed agent (Company B). It included a detailed schedule of works, including additional items, with industry rate estimates. I’ve summarised its findings below.
  - It recognised Mrs D’s wardrobes were removed and disposed of instead of being refitted/renewed.
  - It identified a new localised area of subsidence in the front path adjacent to the drive. It said the local water authority had confirmed excessive water consumption and was investigating a potential leak.
  - It questioned why external cracked mortar and bricks hadn’t been repaired previously and included these repairs within its costings. It also said cracking above the rear kitchen room door didn’t appear to be subsidence related.
  - It said settlement cracks were visible throughout the property and these would need to be readdressed at the end of the defects period. And relevant certificates should’ve already been provided to Mrs D and suggested Tesco forward these to her.
  - Company A also found faults with Company B’s previous works, including not all works were completed in line with the previous schedule. And laminate flooring within a bedroom was very loose due to a lack of units being re-fitted.
- Tesco said it had asked its loss adjusters to provide a schedule of works based on Company A’s findings and said it would provide a date for works. And that it would agree to cash settle for the wardrobes at the costs Mrs D provided from a designer.

- Tesco also agreed to send a contractor to fix the “incorrectly fitted water tank” in the attic fitted by Company B previously.
- Mrs D questioned the quality of the report based on it relying on a visual inspection. She said Tesco should either complete a proper inspection or allow her to arrange one. She also said the water leak was now mended but further subsidence was not investigated. And she said the costs of crack repairs should be included within the settlement, alongside other issues, and relevant certificates weren’t yet sent to her.
- Our Investigator upheld the complaint. He said Tesco appeared to have caused unnecessary delays since the last complaint was considered. He said the subsidence matter is still due to be investigated, so he could not comment on whether this was due to Tesco’s error at this time. And he said he’d been given no expert report to evidence that Tesco’s scope of works was inaccurate or inclusive of necessary items. But he said Tesco should award Mrs D £500 for its mistakes, delays, and poor handling.

Tesco didn’t respond. Mrs D disagreed so the complaint has been passed to me for an Ombudsman’s 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.

Having done so, I’m upholding this complaint.

#### *Claim progression*

ICOBS 8.1. requires insurers to handle claims promptly and fairly and to provide appropriate information on a claim’s progress. Disappointingly it’s clear to me that Tesco has not met these obligations and the claim has not progressed as I would expect since my last decision.

Tesco has provided little detail to this Service in terms of timelines. But significantly it has acknowledged its previous agent Company B has made numerous mistakes throughout its handling of the claim, including not completing the scope of works as it should’ve, disposing of wardrobes, and incorrectly fitting Mrs D’s water tank. As Company B was acting as agent for the insurer, I hold Tesco responsible for these mistakes. And each of these issues have led to further avoidable and unnecessary delays to this claim being progressed. Mrs D has also complained of not being kept updated and Tesco’s agents not replying to her. Tesco hasn’t satisfied me it has kept her updated, so I consider this to be a failing on its part.

Given the matter is still ongoing, I also can’t ignore that Mrs D will unfortunately continue to have to deal with this claim for some time to come. And I would remind Tesco this is already the second complaint I’ve considered about this claim and I would expect it to ensure Mrs D receives considerably better Service going forward.

#### *Snagging issues/Tesco’s scope of works*

Mrs D has outlined she is unhappy with Tesco’s costings and Company A’s report. I’ve reviewed this report and I would comment that while it is based on a visual inspection, it is very detailed and thorough within its costings and commentary – much of which was critical of previous works. I would also note Company A explained its estimated costs were based on current Industry rates and not network contractor prices as I’d expect. So, on its face I’m satisfied its fair for Tesco to rely on its costings and commentary of works and damage.

As our Investigator has previously said, we would typically expect to see expert evidence to be persuaded that its findings were inaccurate or insufficient. Mrs D hasn't provided any expert evidence at this time or much in the way of detail as to why the proposed plans wouldn't be sufficient, so this hasn't changed my mind.

Mrs D has mentioned her toilet bowl was cracked by previous contractors and tiles were removed. And she has mentioned curtain rails and curtains. She said related repairs aren't included in Tesco's costings. But having read the costings myself from Company A's report, the broken toilet appears to be included alongside various other bathroom costs, as well as several references to curtain rails throughout.

Mrs D has also said the costings do not include settlement crack repairs. The report says:

*"There are a number of settlement cracks noted throughout the property which may need addressing at the end of defects period. These have not been included in the attached schedule of works."*

So, it appears to me that Tesco is willing to reconsider these costs in the future. And I would expect Tesco to provide clarity to Mrs D on when this decision will be made and what it will be considering in reaching this decision.

Company A highlighted that Mrs D had requested copies of the gas safety certificate and electrical safety certificates. And it said Tesco should've done this prior to re-occupation of the home. If Tesco has yet to provide these, I direct it to do so.

### *New subsidence*

At this time, I have been given little to demonstrate that Tesco's previous subsidence works were insufficient, and not effective or lasting. I've been given no reports from Mrs D's local water authority for instance that support whatever issue occurred was connected to previous investigations. And similarly, while Company A's report comments on a "new" area of subsidence, there is no commentary that relates the potential escape of water to the previous actions of Tesco. So, based on what I have, I'm not persuaded there's sufficient evidence to fairly say Tesco's previous subsidence repairs were flawed or have failed.

If it hasn't already, I would expect Tesco to consider this subsidence damage in line with the policy terms. If it establishes it is linked to previous repairs or investigations, I expect it to consider whether it should award compensation to Mrs D. I also expect it to provide Mrs D with a timeframe on any necessary investigations and next steps.

### *Compensation*

Taking everything into account, I'm satisfied Tesco needs to compensate Mrs D for the further delays and poor communication across this claim. In light of all the issues I've described above, I am very sympathetic to Mrs D and the challenges she's faced as a result of Tesco's actions. While the claim has progressed to some extent, and some issues have been resolved, its findings reflect that the claim has been handled poorly and quality of some of its previous works has been questionable. Taking into account these delays on Mrs D I'm satisfied it needs to pay her a further £500 in compensation.

### **My final decision**

I'm upholding this complaint and direct Tesco Underwriting Limited to pay Mrs D £500 in compensation for the distress and inconvenience it has caused her.

Tesco must also provide Mrs D with the gas safety and electrical safety certificates as Company A has previously outlined.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 7 June 2022.

Jack Baldry  
**Ombudsman**