

The complaint

Mr H complains that esure Insurance Limited hasn't settled his claim on his home insurance policy fairly.

What happened

Mr H claimed on his home insurance policy for damage caused by a water leak in his bathroom.

esure scoped out the repairs and said they would cost £4,192.96 (minus Mr H's policy excess of £450). esure says this included drying works of £1,145.99. esure chose to cash settle Mr H's claim and sent him a cheque for £2596.97 (having deducted his policy excess and the cost of drying out works from that settlement amount).

Mr H says this settlement amount doesn't reflect the cost to him of redecorating the parts of his home that were damaged by the leak. He says, following a request from esure, he got two quotes from trusted decorators – one was for £3,380 and the other was for £3,840. He wants esure to pay him the cost of the lower quote. esure says the costs Mr H is asking for are "excessive".

So Mr H has brought his complaint to us. The investigator who looked at Mr H's complaint upheld it. He thought that, because esure hadn't offered to complete the repair works itself, it should pay Mr H in line with the cheapest quote he'd got of £3,380.

esure disagrees. So Mr H's complaint has come 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.

Having done so, I've decided to uphold Mr H's complaint. I'll explain why.

Mr H's policy sets out how esure can settle his claim. Broadly, it says esure can (among other things):

- pay the cost of the work carried out to rebuild, replace or repair Mr H's home; or
- arrange for it to be rebuilt, replaced or repaired.

In essence, this means esure can choose the way in which it settles Mr H's claim. This is a standard term in home insurance contracts and it's one we think is fair and reasonable.

esure decided to settle Mr H's claim by paying him in cash for the repairs, as it was entitled to do under his policy. But where – as here – an insurer only offers a cash settlement, our approach is to say it's fair and reasonable the settlement should reflect the cost *to the*

consumer of getting repairs done. Mr H got two quotes for the redecoration of his home (as I believe esure had requested him to do). And he accepted the lower of the two quotes.

esure says the two quotes were “*excessive*”. But, apart from anecdotal evidence from a customer service executive about his personal experience of getting a similar sized area in his home redecorated, esure has given us no evidence to support its position.

So I think the fair and reasonable outcome in this complaint is for esure to pay Mr H in line with the cheaper quote he got of £3,380. It's my understanding the settlement amount esure has already paid Mr H of £2596.97 included an amount for redecorating costs (which I think was around £1,038). If I'm right about this, esure can deduct that amount from the payment due to Mr H. Mr H will need to give esure proof that he's paid the redecorating costs (so far, he's shown us the quote but not proof of payment).

My final decision

For the reasons I've given, I uphold Mr H's complaint and direct esure Insurance Limited to:

- pay Mr H his redecorating costs in line with the quote he got of £3,380. esure can deduct from the amount it pays Mr H any sums it's paid him for redecoration as part of its initial settlement of £2596.97 (I understand these are around £1,038); and
- interest* at the rate of 8% a year simple on the amount esure Insurance Limited pays Mr H from the date he paid the redecoration costs to the date of settlement. But Mr H must give esure Insurance Limited proof of payment of these costs.

*If esure Insurance Limited considers it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr H how much it's taken off. It should also give Mr H a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 26 May 2022.

Jane Gallacher
Ombudsman