

## **The complaint**

Mrs S and Mr S complain about AA Underwriting Insurance Company Limited's handling of a claim under their home insurance policy.

## **What happened**

Mrs S and Mr S have a home insurance policy underwritten by AA Underwriting Insurance Company Limited (AA). This covers damage to their property, amongst other things.

They made a claim at the end of November 2020 after they found some damage to their conservatory and their kitchen floor, which appeared to be starting to slope.

AA arranged for a surveyor to attend and carry out a detailed inspection at the property, in January 2021. The suspicion was that there might be subsidence at the property.

The surveyor was concerned that the foundations to the conservatory might not be deep enough and might not comply with the relevant building regulations at the time of construction. They also suggested further investigations relating to some trees in the vicinity of the property.

AA received laboratory reports on the soil at the site in February 2021. And an arboriculturist's report in March 2021. The latter led to some discussions with Mrs S and Mr S's neighbours about proposed work on the trees.

In April 2021, Mrs S and Mr S made a complaint to AA about delays in the handling of the claim. They were understandably keen that any necessary works should begin as soon as possible.

AA asked Mrs S and Mr S for the building plans for the conservatory, which had been built early this century. Again, the concern was that the foundations for the conservatory may not have been compliant with building regulations at the time.

In late June 2021, Mrs S and Mr S advised AA that they couldn't find any plans for the conservatory. A few weeks later, AA wrote to Mrs S and Mr S to advise that the claim had been declined.

AA later reviewed their position and eventually accepted the claim in November 2021, despite the fact that their reservations about the construction of the conservatory remained.

Mrs S and Mr S weren't happy with the delays in the handling of the claim and brought their complaint to us.

After we asked AA to provide some further information, they accepted that there has been some avoidable delays in their handling of the claim and some confusion in the communications with Mrs S and Mr S.

They told us that the claim was now proceeding, having been accepted in November 2021, and they suggested paying £500 in compensation to Mrs S and Mr S for the trouble and

upset caused by the delays and the communication issues.

Mrs S and Mr S didn't accept that offer. They thought the compensation was inadequate given the stress and worry they'd been caused and the delays to repair of their home.

Our investigator thought the compensation offer was fair and reasonable, but Mrs S and Mr S disagreed and asked for a final decision from an ombudsman. They think the compensation is inadequate and they also have concerns about the on-going handling of the claim.

### **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.

I have to make one thing very clear at the outset. The rules which govern our service - the Financial Conduct Authority's (FCA's) dispute resolution rules - say that we can only look into complaints that have previously been made to the business concerned, unless we have consent from the business to proceed despite the fact they haven't had a chance to resolve their customer's complaint themselves.

Mrs S and Mr S complained to AA in April 2021 about delays in the handling of the claim up to that point. So, in this decision, I can address any issues in the period between the claim being made – in late November 2020 – and 29 April 2021, when Mrs S and Mr S complained to AA.

However, AA then made an offer - through us - in February 2022, to settle the complaint with £500 compensation for the delays and confusion in the handling of the claim up to the point when the claim was accepted – on 25 November 2021. They said the claim had proceeded perfectly well since that point.

So, I'm satisfied AA have in fact agreed to our looking into any issues raised by Mrs S and Mr S up to 25 November 2021. And, in this decision, I'll be looking at whether AA made any errors in the handling of the claim up to that point – and whether the £500 payment they've offered is fair and reasonable compensation for Mrs S and Mr S's trouble and upset up to that date.

It's important to be clear about this because I believe Mrs S and Mr S aren't entirely happy with the handling of the claim after 25 November 2021. If that is the case, they may make a further complaint to AA – about any alleged errors or delays after 25 November 2021. And if they aren't satisfied with AA's response, they'd be entitled to bring that further complaint to us.

To be absolutely clear, any compensation that I award now, in this decision, covers – and fully covers – the period up to 25 November 2021, when the claim was accepted by AA. If we do look into any further complaint or complaints from Mrs S and Mr S, we will look only at the period after 25 November 2021.

I'm sorry if this appears an overly legalistic or technical way to approach Mrs S and Mr S's complaint, but it is important for us to be clear about what time periods are covered by a final decision, particularly where there is an on-going insurance claim. In those cases, it's not for us to step in and try to direct the on-going handling of the claim. Nor can we try to 'hit a moving target' with our complaint outcome as the situation progresses day to day.

When I look at the period between the claim being made in November 2020 and the claim

being accepted in November 2021, I can see that there are some delays which could have been avoided.

AA aren't denying this. They also admit that there was some confusion in the communications before the claim was originally declined in mid-2021. AA had told Mrs S and Mr S that they would cover the damage to the superstructure even if they weren't going to cover the necessary work on the foundations. They then declined the claim in full.

AA accept that there were avoidable delays and confused communications. That's why they offered £500 in compensation for Mrs S and Mr S's trouble and upset.

Looking in more detail at the year or so between the claim being made and the claim being accepted, there wasn't any significant avoidable delay in AA getting a survey carried out six weeks – including Xmas and new Year - after the claim was made.

It wasn't then unreasonable to commission a report from an arboriculturist. And that report was received around a month or so after AA received the laboratory report on the soil which followed the surveyor's visit. Again, the time frames here are not unreasonable.

It was after that report was provided, in March 2021, that AA asked Mrs S and Mr S for the building plans for the conservatory. And it wasn't until late June 2021 that Mrs S and Mr S told AA that they didn't have the plans. I can't reasonably blame AA for any of that delay.

The claim was declined in June 2021. And although it is to AA's credit that they reviewed the claim again and reversed their decision, it did take until November 2021 before they advised Mrs S and Mr S that the claim would be accepted.

I understand that sometimes these claim decisions are difficult, finely balanced and rely on a great deal of technical expertise and judgement. But it seems to me that there was some delay here that might have been avoided. And Mrs S and Mr S were left for that period with a great deal of stress and worry given that their claim had at that stage still been declined.

In summary, there are some avoidable delays between November 2020 and November 2021 that are AA's fault – particularly, in my view, towards the end of that period. But I have to bear in mind the complexity of the claim and the judgements that had to be made. And the fact that AA were waiting to receive the building plans from Mrs S and Mr S for a fair amount of time.

Taking all of the circumstances into account, I'm not going to conclude that a large portion of the year between November 2020 and November 2021 was made up of avoidable delays that were entirely AA's fault.

### **Putting things right**

I understand why Mrs S and Mr S have found this series of events very stressful and worrying. And I don't underestimate the extent to which they will have been frustrated and disappointed by any delay at all.

However, I think the £500 which AA have offered in compensation is a fair and reasonable reflection of the degree of trouble and upset suffered by Mrs S and Mr S which resulted solely from AA's errors in their handling of the claim up to November 2021.

I bear in mind, of course, that Mrs S and Mr S were inevitably going to suffer stress and worry once they discovered the problems with their property. What I've tried to do is assess the extent of the *additional* trouble and upset caused solely by AA's errors, rather than by the

situation itself, which is of course, not of AA's making.

As I made clear above, this decision – and the compensation award – cover the period up to 25 November 2021, when Mrs S and Mr S's claim was accepted. I understand AA have now appointed an independent surveyor to scope out the works required to repair the home.

If Mrs S and Mr S aren't happy with AA's handling of the claim after 25 November 2021, they may make a further complaint to AA. And if they aren't satisfied with AA's response, they can then bring that complaint to us.

### **My final decision**

For the reasons set out above, I uphold Mrs S and Mr S's complaint.

AA Underwriting Insurance Company Limited must pay Mrs S and Mr S £500 in compensation for their trouble and upset.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S and Mr S to accept or reject my decision before 3 June 2022.

Neil Marshall  
**Ombudsman**