

The complaint

Miss S has complained about the service provided and settlement offered by Fairmead Insurance Limited ('Fairmead') under her home insurance policy.

What happened

Following a storm, Miss S's property suffered external and internal damage to the sunroom of her property in early February 2021. She made a claim on the insurance policy she held with Fairmead at the relevant time.

Fairmead arranged for an inspection of the damage to take place. The claim validation report identified a section of lead flashing that had been disturbed and noted that this may have allowed water to enter. The report also noted that the policy provided cover for damage caused by the actions of storm and that on the date given, the storm criteria were met.

Initially, Fairmead wrote to Miss S and said that the loss had been accepted under the terms and conditions of the policy, so covering her for reinstatement of the damaged areas and items. It offered a sum of just under £400 to settle her claim, taking into account the relevant excess amount. Miss S initially accepted this sum and then rejected it, as she didn't feel that it was sufficient to cover the actual damage. Fairmead sent contractors to Miss S's home, who indicated that they would only address the internal damage.

As Fairmead had already indicated that it would cover both the internal and external damage, it said it was willing to consider both elements, and instructed the contractor to discuss next steps with Miss S. Miss S remained unhappy as she hadn't received an update and wanted an accurate claim value to be provided or remedial works to be completed by Fairmead. She said that she'd sent numerous emails to Fairmead but to no avail, and she referred her complaint to this service.

Our investigator upheld Miss S's complaint. She noted that Miss S had initially accepted Fairmead's cash settlement, however shortly afterwards changed her mind and asked Fairmead to arrange the work instead. As Fairmead had already provided the cash settlement amount to Miss S, it contacted the contractors to ensure it would still take on the work. It was agreed in March 2021 that the contractors would complete the repair work as soon as the cash settlement amount had been returned. Our investigator considered that Miss S should have been kept informed. As she wasn't, our investigator didn't think that Fairmead had acted fairly. It was her view that Fairmead should reopen the claim. She also thought that Miss S should be awarded compensation of £100 for Fairmead's communication failures.

Fairmead hasn't accepted this outcome. The matter has therefore been referred to me to make a final decision in my role as Ombudsman.

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 concluded that Fairmead hasn't acted fairly and reasonably in the way in which it's progressed this claim or in relation to its offer of settlement. I'll explain why.

Miss S told us that the storm caused a roof leak and damage to internal walls, electric lights and her sofa. She said that the storm had been registered as an '*official weather warning*' with the insurance company. Following inspection, she explained that Fairmead had said it would cover the cost of the damage. She disagreed with the cash offer and asked for another inspection to take place as she knew that sum offered wouldn't cover the cost of the actual damage. Miss S said that Fairmead then advised her to contact her own contractor to obtain a quote. She considered that she'd suffered '*terrible hassle*' and she would like her roof repaired as agreed. The contractors haven't contacted her to discuss or explain the matter.

Fairmead said that Miss S ultimately rejected the cash settlement offer and it then appointed contractors with the intention that they would carry out the necessary work. It said that the contractors reviewed Miss S's property in more detail than the representative who carried out the initial inspection. It explained that the contractors had advised that only the internal damage would be covered. This was because they didn't consider that the damage was due to a one-off storm event, but was due to wear and tear and so, not covered by the policy. They also said that until the external repairs were completed by Miss S, they were unable to complete the internal repairs.

Fairmead stated that it didn't have clarity on the cause of the damage or that storm conditions had been present at the relevant time. It acknowledged however that it had agreed at the outset to cover both the internal and external works. It also said in its final response letter that; '*Having reviewed all the information available to me, I do agree that the settlement offer we made to you was incorrect. Please accept my apologies for the error, which we accept is not what you will have come to expect from us.*' Fairmead's notes also show that it acknowledged that there had been communication failures. Finally, Fairmead stated that it no longer wishes to complete the works as; '*too much time has passed.*'

Having looked at all the available evidence, I'm satisfied that Miss S hasn't been treated by Fairmead in a fair and reasonable manner. After accepting liability for both internal and external damage to Miss S's sunroom due to storm damage, Fairmead didn't progress the matter satisfactorily and the claim still hasn't settled over a year later.

As Miss S rejected Fairmead's cash settlement offer which included a sum for external and internal damage, I note that it then instructed contractors to proceed with the necessary work. It's fair to say that Fairmead had created the clear expectation that it would itself arrange both internal and external work within a reasonable timescale. Fairmead has stated that, as an insurer, it has the usual option to either settle a claim through a cash payment or by carrying out repairs. In this case however, as Fairmead had proceeded a significant way along a particular route, it's reasonable to expect that it would fulfil its promises, even if the promises had been given in error. An error hasn't been evidenced in any event.

It's also noted that there appeared to have been confusion between Fairmead, its representatives and its contractors as to how to progress the matter. This shouldn't however affect the customer's claim experience. In any event, Fairmead stated in its final response letter that it would honour both the internal and external repair work as this was what was originally agreed. Similarly, the fact that a considerable amount of time has passed due to any confusion and lack of communication by Fairmead shouldn't be used as a reason to continue to disadvantage Miss S by not progressing the claim.

As to the total amount offered in cash settlement, I note that Fairmead accept that the settlement offer was incorrect. I've seen no evidence however that a revised offer has been made to Miss S. I can't therefore say that Fairmead has treated Miss S fairly and reasonably.

I also agree with our investigator that Miss S wasn't kept informed. It appears that this lack of communication by Fairmead has continued, and I find that Miss S has been treated in an unfair and unreasonable manner in this respect also. I concur that Miss S should be awarded some compensation due to the service failure and lack of communication during the handling of this claim. It's clearly caused trouble and inconvenience for Miss S. I agree with our investigator that £100 would be fair and reasonable in this respect.

In the circumstances, I can't say that Fairmead has provided Miss S with a fair and reasonable service or settled the claim in a fair and reasonable manner.

My final decision

For the reasons given above, I uphold Miss S's complaint against Fairmead Insurance Limited and, subject to the relevant excess amount, require it to either; -

- arrange for the internal and external repairs to Miss S's sunroom to be carried out without further delay, or
- to pay Miss S the cost of repairs (following provision by Miss S of a receipt or invoice), within 28 days of her acceptance of this Final Decision and to pay interest on the cost of such repairs calculated from the date Miss S paid this amount to the date of settlement, at 8% a year simple interest*.
- in any event, to pay Miss S compensation in the sum of £100 for the trouble and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 17 June 2022.

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

Claire Jones
Ombudsman