

The complaint

Ms F and Mr W complain about the way Soteria Insurance Limited trading as Co-Op Insurance ["Co-Op"] has handled a claim they've made under their buildings insurance following subsidence.

What happened

As Mr W has led the complaint with this Service, I'll refer to him throughout. Co-Op is the underwriter of the policy and references I make to it include its agents and representatives, unless stated otherwise.

The background to this complaint is well known to the parties and has been comprehensively detailed by our Investigator already so I'll provide a summary of what's happened.

- Mr W's property experienced subsidence damage and this was reported to Co-Op in 2018. The claim was accepted and Co-Op appointed a specialist to validate and manage the claim.
- Site investigations were undertaken including a bore hole being dug to establish the depth of the extension's concrete plinth. This hole partially filled with water and Mr W was concerned and thought Co-op's specialist should investigate this further in case it was connected to the subsidence.
- Mr W was unhappy with a number of claim handling issues and complaints were made over the next few years. These included, but were not limited to, a drainage pipe from the patio being dug through and hidden, drainage repairs not being undertaken, the lack of monitoring pins in the aspect of the property Mr W said had most movement and key movement readings during dry months not being undertaken.
- Co-Op apologised for the things it got wrong and made a number of compensation payments to Mr W. These fall outside the scope of this complaint as they were raised with this Service outside the required deadline.
- In light of Mr W's concerns about the pooling water and the video evidence he supplied, Co-Op sent a senior surveyor to investigate in November 2019. His report said that further investigation of the issue should be undertaken and further boreholes were necessary to establish the subsoil make up and capacity and to see if further groundwater was encountered. Also, a further six-month period of monitoring was recommended.
- But Mr W says these recommendations were never followed up by Co-Op's subsidence expert. Mr W complained again to Co-Op but was told the senior surveyor had left and that crack monitoring indicated a return to stabilisation. Mr W says this was in spite of a failure to regularly monitor the monitoring pins or investigate the pooling water.

- After more back and forth, Mr W instructed an expert engineer who said the cause of movement hadn't been established satisfactorily and Co-Op hadn't demonstrated stability had been achieved. He recommended further investigation should be undertaken including crack monitoring and the source of pooling water identified and eliminated. He also recommended the digging of further boreholes to establish the source of the groundwater and establish subsoil conditions in line with Co-Op's surveyor's previous recommendations.
- Eventually, Co-Op agreed for another expert to attend but Mr W was unhappy with the report as he said it didn't identify the source of the water or detail how quickly the borehole refilled with water.
- In bringing his complaint to this Service, Mr W identified the key issues he was most concerned about. He says Co-Op hasn't done enough to identify the cause of the movement – particularly around the lack of the recommended further investigation into the trial pit which continues to fill with water. He's also unhappy as he's said Co-Op has ceased to provide buildings insurance cover.
- During our Investigation, Co-Op appointed another expert who thought further investigation was warranted and following these, Co-Op did make recommendations to address the problems with the pooling water. This matter was still ongoing at the time of our Investigation and the actual detail of what Co-Op plans to do falls outside the scope of this complaint.
- Having considered the evidence, our Investigator upheld the complaint saying Co-Op should have investigated the pooling water sooner than it did and caused delays because it didn't. He said Co-Op should pay a total of £800 for the distress it had caused Mr W and should reimburse him for the expert report he had undertaken.
- Co-Op and Mr W broadly accepted the recommendations but Mr W remained unhappy with the amount of compensation recommended and asked an Ombudsman to make a 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.

Mr W has recently let this Service know about a very serious medical diagnosis he has received and I was sorry to hear this. The nature of my role requires me to consider the evidence and circumstances of a complaint in an impartial and dispassionate way. That may mean at times my decision sounds rather matter of fact and I mean no offence by this, it merely reflects the nature of my role.

Mr W has made a number of complaints throughout the life of this claim and our Investigator has already explained which we can consider and which we can't as they were raised too late. In summary, I can look at the issues dealt with under the final responses from November 2020 until the final response in March 2022. The claim is still ongoing and a number of other issues have been raised with Co-Op, but these fall outside the scope of this complaint.

My role as an Ombudsman at this Service is to say how complaints should be resolved quickly and with minimal formality. That means I will focus on what I consider to be the crux

of the complaint and may not comment on every point the parties have made but I can confirm I have considered everything even if I don't reference it specifically.

Incidences of subsidence are, by their nature, stressful for homeowners, and insurance claims relating to them often necessarily take considerable time to resolve and I can't hold an insurer responsible for this. But I can consider if it met its obligation to handle claims promptly and fairly or if it caused unnecessary delay or inconvenience.

There are various aspects of the claim Mr W is unhappy with under the various complaints we can consider.

Lack of investigation into the pooling water

- It's clear Mr W was pushing Co-Op to investigate this from early on in the claim. He was concerned that the work Co-Op undertook on the drains it considered to be the cause of the subsidence still hadn't addressed the issue which he considered to be a significant risk.
- I acknowledge Co-Op's stance in saying that two leak detection specialists considered this wasn't necessary. And on its face, it's not unreasonable it didn't feel the need to investigate further as initially it hadn't been shown the pooling was contributing to the subsidence. But I think it's important to note, one of Co-Op's own experts said the issue *did* need further investigation in its report in November 2019.
- The 2019 report recommended the digging of deeper boreholes "*The purpose of the boreholes is to determine where/if groundwater is encountered and also to establish the subsoil make up and bearing capacity...*"
- It also recommended a further period of crack monitoring for six months to establish if the drainage works reduced the structural movement, to monitor the extent of movement and/or stability and to assist with the repair specification of the property. But this recommendation was not followed up following a change of Co-Op's surveyor.
- Mr W then instructed his own expert and his report in October 2020 said there was clear evidence of subsidence but Co-Op had failed to satisfactorily establish the cause of the movement and it hadn't shown stability had been achieved. Further, the cause of movement needed to be established, mitigation measures implemented and then a period of monitoring to establish stability.
- Importantly, the report also commented "*The source of the water in the trial pit needs to be identified and if possible eliminated. This is important since a build up of water can soften any cohesive soil under the foundations causing subsidence...*"
- I'm satisfied these were broadly similar conclusions recommended to those in Co-Op's November 2019 report. But it wasn't until December 2021, some two years after Co-Op's own expert said further investigation was required that Co-Op's new expert confirmed there was a need for further investigation and proposed remedial work to be undertaken to address the pooling water. I'm satisfied, on balance, Co-Op should have taken Mr W's concerns more seriously and the pooling water should have been addressed earlier, following the similar recommendations in the 2019 report.
- And because this matter wasn't addressed earlier, the claim has taken considerably longer to deal with than was necessary. This means the claim is still ongoing now and Mr W has had to dedicate many hours to chasing Co-Op, dealing with

correspondence with Co-Op and its agents and this had had a significant impact on him and his family.

- I will be keeping this in mind when deciding what I consider to be appropriate compensation.

Decrease in value of the property

- Mr W was unhappy with the behaviour of one of Co-Op's representatives who he said made comments about the future saleability of the house. I note shortly after this, the representative was removed from the claim with no further involvement from him after that.
- It's not clear to me if this was a comment based on professional opinion or a throwaway comment made in haste. But either way, I've not seen enough evidence for me to conclude this statement has any merit. Subsidence is an issue that occurs commonly and once repairs are undertaken, an insurer will often issue a Certificate of Structural adequacy confirming repairs have been successfully undertaken.
- Mr W says, when he comes to sell the property, it's likely to have devalued significantly but I've not seen any evidence to substantiate this claim nor that the market has been tested. I've also seen nothing which shows any loss in value would be as a result of Co-Op's claim handling rather than the fact the property has experienced subsidence – which of course, Co-Op isn't responsible for.
- I can also only make an award for something that's actually happened, not for something that may – or may not - happen in the future.
- Given what I've said above, I won't be asking Co-Op to do any more on this part of the complaint.

Renewal of the policy

- Mr W purchased his policy through an insurance intermediary which I'll refer to as "R". R declined to offer renewal of cover and issued a final response explaining why but I won't be commenting on its actions or the response it gave under this complaint about Co-Op.
- Following a complaint to Co-Op, it explained in one of its final responses that as Mr W's policy had been taken out through R, it wasn't responsible for the decision not to offer renewal, this fell to R. I'm satisfied this is in line with what R told Mr W and I've haven't seen anything which persuades me it has responsibility for R's commercial decision about policy renewal. Mr W has also suggested R's decision to decline to renewal was influenced by Co-Op. However, I've not seen evidence which persuades me this is the case.
- Later, Co-Op explained that due to a restructuring of its business, it was no longer offering insurance through R. This Service doesn't have the power to tell an insurer what policies it should offer through which intermediaries. This is a commercial decision an insurer is free to make. I've seen nothing which persuades me Mr W has been treated differently from other policy holders in similar circumstances.
- Insurers are obliged to update a central insurance database with details of claims. I'm satisfied Co-Op has acted in line with its obligations in updating this database and I can't hold it responsible for underwriting decisions made by other insurers as a

consequence of this.

Other issues

- There are many customer service issues which Mr W has raised, including but not limited to poor communication, lack of adequate warning when visits were undertaken and missed crack monitoring. In line with what I've said previously about this Service's quick and informal approach, I won't comment on these individually. But I'm satisfied Co-Op has let Mr W down badly and has caused him stress and inconvenience because of its poor complaint handling.
- Mr W had concerns about the positioning of the monitoring pins Co-Op used to monitor the cracks. Mr W's expert recommended crack monitoring should be reinstated and monitoring pins should be fitted in particular areas. Co-Op agreed to this further monitoring and distortion measurements to better understand the movement. As the engineers are the experts in subsidence and we would generally be guided by their opinion, I won't make any further recommendations about this.
- As I explained above, Co-Op has now made proposals to deal with the water accumulating in the trial pit. It's clear from correspondence that Mr W has concerns about these proposals and the monitoring Co-Op's undertaking. And as I've explained at the start, further issues have been raised in connection with the ongoing nature of the claim.
- These fall outside the scope of this complaint, but Mr W can complain to Co-Op about these new issues and bring a further complaint to this Service if he remains unhappy with Co-Op's response.

Putting things right

This claim has gone on for a number of years and covered multiple issues but as I've previously explained, I can only consider some of the issues raised by Mr W rather than the whole life of the claim.

I've kept in mind there were a number of serious health issues affecting Ms F through the time under review and I know Mr W attributes some of these to the delays in the claim handling by Co-Op. Based on what I've seen, I'm not satisfied I can safely conclude these are directly attributable to Co-Op's actions. But I do acknowledge the delays experienced are likely to have had a greater impact at what was an already difficult time.

I've also had to keep in mind that the physical damage to the property wasn't significant and didn't involve Mr W having to relocate to alternative accommodation, so the impact on day to day practicalities was less than it could have been. But I do acknowledge the impact of the delays and time Mr W had to spend corresponding with Co-Op and its agents and the frustration this caused.

Mr W also says the delays meant he couldn't move to a house in the catchment area of his preferred school for one of his children. As a consequence, he says he's incurred additional expenditure in the form of private tutoring fees and says Co-Op should reimburse him. But I think this additional expenditure is simply too remote from the delays or complaint handling for it to be fair or reasonable for me to direct Co-Op to pay.

In summary and for the reasons I've explained above, I've concluded Co-Op has let Mr W and his family down and should pay compensation as a consequence. I've thought about this all very carefully and will be directing Co-Op to pay Mr W £800, less the £350 it's already

paid, for the distress and inconvenience it caused him because of its claims handling and delays.

Additionally, I'll be directing it to reimburse Mr W with the cost of the expert report he had undertaken in support of his claim. If Co-Op had followed the recommendations of its expert in November 2019, it seems to me Mr W wouldn't have had to instruct his own expert to prove the same point.

As the claim is still ongoing and Mr W has further concerns about Co-Op's handling there may be additional complaints brought to this Service which may attract further awards of compensation. But overall, I'm satisfied the direction I've detailed above is fair and reasonable in all the circumstances of this complaint and for the period of time under review.

My final decision

My final decision is that I uphold this complaint and direct Soteria Insurance Limited trading as Co-Op to pay Miss F and Mr W:

- £800 for the distress and inconvenience it's caused through the period under review, less the £350 it's already paid.
- Reimburse Ms F and Mr W with the cost of the expert investigation and reports they had commissioned subject to the provision of suitable proof of the cost they incurred.

Co-Op must pay the compensation within 28 days of the date on which we tell it Ms F and Mr W accept my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms F and Mr W to accept or reject my decision before 22 December 2022.

Paul Phillips
Ombudsman