

The complaint

Mr H complains about how Fairmead Insurance Limited settled his claim on his holiday home insurance following a flood.

What happened

Mr H had home insurance for a property he owned and rented out as a holiday let, that was underwritten by Fairmead. In February 2021 there was a flood at the property and he made a claim on the insurance which was accepted.

Mr H had to cancel a number of the bookings while drying and repair work took place. He claimed for the lost hire costs during this time. Fairmead accepted most of these claims and reimbursed Mr H for the lost costs. However it declined one booking made for the month of April 2021. It said it didn't agree the booking had been confirmed as the dates were just blocked out on his online calendar rather than showing as 'confirmed'. And it said the guest due to visit lived in America so would have been unable to travel due to covid-19 restrictions in place at that time. So it said even if the house hadn't suffered a flood the booking wouldn't have gone ahead.

Mr H didn't think this was fair. He said that the guest travelled to the property for work so would be able to travel under covid-19 rules. And he said he'd done enough to prove there was a confirmed booking, and that's what the policy terms covered for. So he thought he should be reimbursed for it. He made a complaint but Fairmead maintained its position. So he brought it to this service.

Our investigator considered the issues and recommended the complaint be upheld. She thought Fairmead should re-consider Mr H's claim for hire charge costs for the booking April 2021.

Mr H didn't think this went far enough, as he said he'd done enough to show a valid claim, so Fairmead should be directed to pay the claim.

Fairmead also didn't agree. It said it didn't agree Mr H had shown there was a confirmed booking and that there was any financial loss as the guest wouldn't have been able to fulfil the booking anyway, due to the restrictions in place.

As agreement wasn't reached, the matter came to me to decide.

After reviewing the complaint, I came to a slightly different outcome to our investigator. While I agreed the complaint should be upheld, I thought Mr H had done enough to prove he had a valid claim. So I thought Fairmead should reimburse Mr H the £3,600 cost of the booking, rather than just re-considering the claim. I wrote to both sides to explain my outcome.

Mr H accepted my proposed outcome. However Fairmead didn't. In summary, it's objections were as follows:

- An insurance claim should put the insured in the position they would have been in, had it

not been for the claim. It didn't think the booking would have gone ahead even if the flood hadn't happened due to Covid restrictions. So it considered paying the claim to be putting Mr H in a better position.

- It didn't agree there had been a confirmed booking. It said the copy of the online booking system provided for this booking differed from others it had paid, as the dates were just blocked out, rather than confirmed.
- The booking was made over email, and Mr H responded to the request by saying *'I have reserved [Holiday let] for you for the month of April and can only hope that things have calmed down by then.'* It said this shows that neither party expected the booking to go ahead.

I've considered these comments, along with all other available evidence, when making my 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.

Fairmead has said that Mr H's claim shouldn't be covered for two reasons – because the booking in question didn't amount to a confirmed booking and because it wouldn't have gone ahead even if the flood hadn't happened. I've addressed each of these in turn.

Confirmed booking

The policy terms and conditions state cover is provided for:

'Loss of hiring charges for bookings actually made and confirmed with You prior to and in the event of the Holiday home being so damaged as to render it uninhabitable by any cause for which reimbursement is provided under Section 1A of this Policy'

There is no dispute that the holiday home was uninhabitable, what's in dispute here is whether the booking for April 2021 would meet the definition of 'actually made and confirmed'.

Mr H has provided emails between him and the guest that he says shows the booking was confirmed. He's explained that the guest stayed regularly at the property, usually in April and September each year. And she had previously made a booking for April 2020, paying a deposit of £1,800. The email chain shows that she had to cancel that one due to covid restrictions at the time. And she initially transferred this to September 2020 and then later to April 2021, rolling the deposit over each time.

When the guest said she wanted to move the booking to April 2021 Mr H responded: *I have reserved [Holiday let] for you for the month of April and can only hope that things have calmed down by then.'* And he has provided a screenshot of his online booking system showing that the whole of the month has been blocked off.

I think this is enough to show there was a confirmed booking. The guest has already paid a substantial deposit which she moved to reserve the month of April. And Mr H confirmed the booking in writing, and blocked the dates off, so no other bookings could be made during this time.

Fairmead has referenced other bookings it has paid out for and said that the online booking

calendar shows these as 'green' and confirmed bookings. Which it says differentiates them from the April 2021 one. But I don't think that's enough to say this isn't a confirmed booking. I've looked at the confirmations for those bookings and they were largely made online. In order to make a booking online, payment of the deposit needs to be made to secure it. However in the case of the April 2021 booking, the deposit had been paid against a different one and needed to be transferred. So I can understand why a different process would need to be followed. So I don't agree this means the booking wasn't confirmed, just because a different process was followed.

Fairmead has also said that as both Mr H and the guest expressed that they hoped the booking would go ahead, this shows that it was more 'pencilled in' than it was confirmed. But I don't agree this is a fair approach. As the guest had needed to cancel two previous bookings due to the Covid pandemic, it isn't unreasonable that she has concerns about travel in the future. But the fact remains that she has paid a deposit to confirm the booking and it has been blocked out on the booking system for her stay. So I don't agree this is enough to say the booking wasn't confirmed.

And it is also of consideration that by blocking out the whole of April for this guest, this means Mr H is unable to take other bookings. As someone who is running a business, it would seem illogical to do that if it wasn't a confirmed booking, as he would be missing out on other business.

For these reasons I'm satisfied that Mr H has done enough to show that he had a confirmed booking for the month of April 2021.

Whether the booking would have gone ahead

Fairmead has said that due to Covid-19 restrictions at the time the booking wouldn't have been able to go ahead as the guest was based in America and wouldn't have been able to travel. I've asked Fairmead for proof of the rules and legislation at the time to show this and its not been able to provide this, or confirm exactly what the rules were. In America the rules differed from state to state, and were changing constantly between 2020 and 2021. Some allowed international travel for work, and Mr H has said that his guest stayed for work purposes. So I'm not persuaded that Fairmead has shown the guest wouldn't have been able to make the trip.

But regardless of what the restrictions were at the time, the policy terms only require a booking to be 'actually made and confirmed' and there are no exclusions listed for this term. There are many reasons why a confirmed booking may not end up going ahead, but the policy doesn't take these into account in the cover provided for lost hire costs. Therefore, under the policy terms, there is no need for Mr H to prove that the booking would have gone ahead. Just to prove that there was a confirmed booking. And, as I've explained above, I'm satisfied he has done this.

For these reasons I maintain my position that Fairmead has acted unfairly by declining Mr H's claim for the lost hire costs for the April 2021 booking. I therefore direct it to pay Mr H £3,600 to settle this claim. As Fairmead should have paid the settlement at the same time the rest of the claim was paid, it should pay 8% interest from the date it settled Mr H's other claims for loss of hiring charges until the settlement is made to make up for the time he has been without the payment.

My final decision

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

- Pay Mr H £3,600 to settle his claim for hiring costs for April 2021.
- Pay 8% simple interest on this amount from the date it paid Mr H's other claim for loss of hiring costs until the settlement is paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 15 September 2022.

Sophie Goodyear
Ombudsman