

The complaint

Ms R complains that Society of Lloyd's ("SOL") has unfairly handled a subsidence claim under her buildings insurance policy.

Any reference to Ms R or SOL includes any respective agents or representatives.

What happened

The background of this claim is well known to all parties. So, I've summarised events.

- Ms R holds buildings insurance with SOL. In October 2019 she reported subsidence damage to SOL, and it appointed agents to investigate.
- A report from November 2019 confirmed subsidence and recommended further investigations. These were carried out, and vegetation was removed in March 2020. Shortly after, the Covid-19 pandemic lockdown began.
- Around October 2020, Ms R appointed her own expert who said the most appropriate repair method for the property would be underpinning.
- Ms R raised several complaints throughout the claim. Following some back and forth, SOL agreed to remove one of its agents from the claim. And it appointed new agents to oversee the claim going forward and consider the evidence presented by Ms R. SOL said the level of inspection was proportionate to the circumstances but agreed it had taken longer than expected, awarding £50 in compensation.
- The complaint came to our Service. Ms R said SOL should underpin her property. It should also settle various costs for tree removal and a pathway. She also wanted her excess removed and to premiums to be refunded, and said the premiums should be frozen at the cost prior to the claim as compensation for its mistakes.
- Our Investigator looked into what happened and upheld the complaint. She outlined she could only consider up until the events of October 2020.
 - *Repairs* - she felt it was fair for SOL to appoint a new agent to consider the best method of repair following receipt of Ms R's expert opinion conflicting with its own.
 - *Claim costs, excess and premiums* – she said SOL should review invoices for tree removal and pathway in line with its policy. She said a policy excess and premiums were payable in the event of a valid claim – so applied in these circumstances. And that insurance premiums may be affected by a claim.
 - *Claims handling* – she said it appeared SOL took too long to establish the cause of the subsidence and take action. So, she was satisfied SOL had caused unnecessary delays. She considered the impact on Ms R directly, and said it should award £350 in total compensation.
- Ms R disagreed providing a detailed response. She said the impact of SOL's poor handling hadn't been fully considered, taking into account Ms R had to use her own savings for works earlier in the claim and having to pay higher premiums. She asked

for higher compensation for the impact and said this Service should consider the claim in its entirety beyond October 2020.

- SOL also disagreed, providing further details of events within the claim timeline and position on costs. It said the removal of trees wasn't covered by the policy as it was a preventative measure not caused by the damage, and it said its loss adjuster would assess if the pathway was caused by subsidence.
- Our Investigator looked again, reiterating the timeframe she could consider.
 - *Claim costs* - She said the removal of the trees appeared necessary in achieving an effective and lasting repair, so SOL should consider the invoice in line with the remaining policy terms. And it was fair for SOL's adjuster to consider how the pathway was damaged before determining if these costs were covered.
 - *Claims handling* – the Investigator listed a detailed timeline of events between October 2019 and October 2020 and said she felt the progress was reasonable. So, she wasn't asking it to do anything further.
- Ms R requested the complaint to be reviewed by an Ombudsman, so it has been passed to me. Ms R has also provided more recent details of the claim since it has been with this Service, and the impact of it not being resolved.

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'm upholding this complaint. I'll explain why.

At the time Ms R brought her complaint to this Service, the claim was ongoing. As our Investigator has outlined, under this complaint reference I will consider the events between October 2019 and October 2020 in light of the date she complained to SOL.

While I understand Ms R would prefer for us to consider everything that has happened since, this simply isn't possible. So, if Ms R would like this Service to consider the events that followed, she would first need to bring the complaint to SOL.

Repairs

- SOL has accepted the subsidence claim for Ms R's property. Here, the remaining dispute is how to put things right. Ms R's expert has put forward that the property should be underpinned. SOL's previous expert had said that removing vegetation would stabilise the property.
- SOL agreed to reconsider the type of repair in light of the evidence Ms R presented. And it said it would instruct another expert to provide an opinion in light of the conflicting views. I think this is reasonable. I say this as underpinning a property may be a solution that brings stability to the property, but it may not be the only way of achieving this and it is an expensive method.
- Insurers consider costs when deciding how to repair or settle a claim. And this in itself isn't unfair, and I don't think it's unreasonable to expect insurers to be prudent when making this kind of decision. However, in handling a claim and considering costs an insurer cannot lose sight of its obligations under the policy – and this is to ensure an effective and lasting repair.
- So, in these circumstances and based on the information SOL had at the time, I'm

satisfied its decision to appoint another expert to review the claim was reasonable.

Claim costs, excess and premiums

- SOL has an obligation to provide an effective and lasting repair. In this case, it seems there's no dispute that the trees were removed to try to achieve stability. When handling a claim of this nature, an insurer won't be able to complete an effective and lasting repair without stopping the current subsidence movement first.
- This means, if the implicated vegetation that was causing the subsidence wasn't repaired, the repairs wouldn't be effective or lasting as movement would still be occurring. So, in this instance, I'd expect SOL to have paid for the removal of the implicated vegetation, so it could then repair the damage to the property. So, I direct SOL to consider the invoice for vegetation works in line with the policy terms.
- SOL agreed to consider the pathway and said it would need to determine if the damage (and in turn, the repairs) were related to subsidence or if tree roots had lifted the pathway. I've been given no expert opinion from Ms R or elsewhere that satisfies me this was caused by subsidence – so I think the steps SOL has taken to assess this before agreeing to pay any related costs is reasonable.
- A policy excess is the first part of a claim that the consumer has to pay. This is part and parcel of an insurance claim of this nature. So, I'm satisfied it's fair for SOL to charge this.
- Ms R has suggested SOL should refund premiums due to the poor service she's received. And that it should reduce premiums charged to reflect its mistakes in compensation. I disagree for the reasons given in this decision.
- As our Investigator has outlined, it doesn't appear a concern about the cost of policy premiums was raised with SOL. So, if Ms R believes her premiums have been unfairly priced, I will leave this with her to raise with SOL in the first instance. I would comment that premiums will often increase following a claim – which may reflect an insurer's increased risk.

Claims handling

- After Ms R contacted SOL to make a claim in October 2019, it carried out an inspection within a reasonable time and in November 2019 said the most likely cause of the subsidence was vegetation. After Ms R gave authority for site investigations (in December 2019) these proceeded and in January 2020 it told her trees would need to be removed.
- Ms R wanted to hold off removing the trees until lab tests were received. These arrived in February 2020 and were shared with her following questions she raised in March 2020. In July 2020 Ms R told SOL the relevant trees had been removed.
- Following this, the works went to tender, and Ms R was told works would likely begin a few months after. There was some back and forth about which company Ms R wished to use to complete the works and in August 2020 she put forward an alternative contractor who could begin soon after. SOL agreed to this and the works commenced in September 2020.
- I note Ms R's representative has listed delays based on timeframes they believe SOL should've acted to – I've taken this into account when considering this. But much of this appears based on their belief SOL should've underpinned from an early stage, which I've explained I don't think was necessary.
- Taking it all into account, I'm satisfied SOL mostly acted within a reasonable

timeframe and kept Ms R updated across this time - particularly against the backdrop of the Covid-19 restrictions. I recognise in places service could've been better, but I'm satisfied the £50 in compensation SOL has already awarded is proportionate to any service issues experienced and its direct impact on Ms R.

- So, I'm not going to make any direction for delays or service as I don't think there were any that would justify or necessitate a further compensatory award.

My final decision

For the above reasons, I'm upholding this complaint.

I direct Society of Lloyd's to reconsider the invoice for vegetation works in line with the remaining policy terms. If this is settled, it should award 8% simple interest on top of this payment from the date of the invoice until it is paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 9 August 2022.

Jack Baldry
Ombudsman