

The complaint

Miss A complains about Allianz Insurance PLC (Allianz) who wouldn't take responsibility for damage that was found, from work carried out by them years before, under her home insurance policy.

What happened

In December 2020 Miss A noticed that there was a gap in the skirting board and sludge/mould was present. She contacted her current insurer who inspected it but couldn't find anything. Miss A instructed a damp specialist who lifted the floor and saw dry rot. They advised Miss A to contact Allianz (her previous insurer) and report the dry rot as in 2017, Allianz had attended and carried out work following an escape of water.

In 2017 Allianz had sent an engineer who conducted the drying out and it said that the issues that Miss A experienced in 2020, were not related to the drying out in 2017. It didn't accept liability for the dry rot. Miss A obtained a report from her current insurers as to why it declined her claim. The report essentially said that there had been inadequate drying out of the area and this was one of the reasons for the dry rot.

Allianz said that the report provided several reasons for the cause of the dry rot, not only inadequate drying out. Miss A obtained two further reports from damp specialists who concluded that the dry rot was caused by the inadequate drying out conducted in 2017. But despite this, Allianz said that there was nothing further it could reasonably do.

Miss A was given her referral rights and referred a complaint to our service. One of our investigators considered the complaint and didn't think it should be upheld. She said that Allianz weren't unreasonable by not agreeing to cover the cost of the repair of the dry rot. She said that Allianz had relied upon the expert evidence from the contractor who carried out the drying out in 2017. And the reports that Miss A had obtained had raised a few issues which could be the cause of the dry rot.

Allianz accepted the view, Miss A did not. She said that her two experts were experts in dry rot, and they said dry rot could take years to develop. She believed that there was no other explanation for the cause of the dry rot apart from the inadequate drying carried out by Allianz in 2017. So, she asked for a decision from an 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.

I considered the complaint and I thought the complaint should not be upheld. I issued a provisional decision on 23 May 2022 and asked both parties to send me anything else by 20 June 2022. In my provisional decision I said:

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of the complaint.

Having done so, I'm minded to uphold this complaint, and I'll explain why I think this is fair.

The main crux of this complaint centres around the expert reports that each party has relied upon. Allianz provided reports from its expert, who essentially said that the drying of the property back in 2017, hadn't failed and there could've been a number of reasons why the dry rot occurred. It also said that there had been a previous issue with damp at Miss A's home and this could've been a reason why the dry rot occurred.

Miss A obtained expert reports from two damp specialists. Both reports were essentially consistent in that they concluded that it was the previous drying out that happened in 2017, that had failed. And because of the inadequate drying, the dry rot had an environment where it could germinate.

As there were two opposing opinions and the expert Allianz relied upon wasn't a damp specialist, an independent damp expert was instructed by Allianz to inspect Miss A's home and to provide a report detailing what the exact cause of the dry rot was.

The report from this independent expert concluded that dry rot spores could remain viable in a property for up to 20 years, if there were correct conditions present, to allow it to germinate. Those conditions would be a source of food (wood), no direct sunlight (the dry rot was located in a void), no air flow (the void), and water (from the escape of water). The report further went on to say that all four requirements were present in Miss A's home and that the cause of the dry rot wasn't solely the drying, but the lack of investigation before the drying took place. As well as the subsequent drying, that was carried out by the drying specialists instructed by Allianz.

Due to the conclusions reached by this expert, I asked Allianz to provide its comments on the report and whether in view of the report, it would re-consider Miss A's claim. Allianz considered the report and ultimately agreed to cover the full costs of Miss A's flooring.

I understand from Miss A, that due to the time that it had taken for Allianz to agree to cover the repair costs, she had already undertaken the works required. In these circumstances, I think that its fair and reasonable, for Allianz to reimburse Miss A's costs, on production of invoices.

I also think that given the time that this has taken to resolve and that both Miss A's experts had provided evidence that was similar to the independent damp specialist, I'm satisfied that Miss A suffered a level of distress and inconvenience. And I think that Allianz ought to recognise this, by paying compensation of £250 for the trouble and upset caused.

To put matters right, I intend to direct Allianz as below.

Putting things right

Responses to my provisional decision

Miss A said that in May 2021, she had the dry rot treated at her home, this necessitated her and her family moving out for about a week. She said that there were no additional costs for the alternative accommodation, as she was able to stay with a family member. She also said that this alternative accommodation, would no longer be available, if she had to move out again.

As to the work that Miss A undertook, she confirmed that she had paid for the dry rot treatment to prevent further damage. But she had not yet completed all of the work. She explained that the following work was outstanding:

** Firstly all the furniture in all rooms will need to be removed and safely stored, then reinstalled*

(dont have a cost)

** Skip for excess old floor (dont have a cost)*

** floor & skirting boards in the rest of the house to be removed (dont have a cost)*

** wood burning stove to be removed, stored & re-installed*

** new flooring to be installed (cost of fitting with floor quote)*

** new skirting to be installed (Cost of fitting with floor quote)*

** new skirting supply (need to find a cost for supplying)*

** walls and skirting to be made good (painting) (dont have a cost)*

** Accommodation for family whilst work is being done approx 7-10 days'.*

Finally, Miss A explained that although she was grateful for the recommendation of £250 compensation, she didn't feel that it adequately reflected the impact on her and her family. Given that she had to move out while the dry rot treatment took place and will have to move out again for the flooring to be laid. In addition to all of the disruption and inconvenience this whole event has caused. So, she requested a reconsideration of the amount.

Allianz said that it would be best for Miss A to send it all the invoices of the works completed so it could consider and validate them. It also queried why the remaining work was still outstanding, when it had been agreed that Miss A would continue with the work while her complaint was being investigated. It also said that subject to the validation of the invoices, it would consider any reasonable associated costs in line with the policy, including alternative accommodation.

Finally, I asked Allianz if it would increase the amount of compensation to £450, given the impact on Miss A. It agreed to increase the amount of compensation to £450. As our role isn't to fine or to punish the businesses we cover, we look at the effect on the customer including their upset. Having considered this and Miss A's additional comments regarding the impact on her and her family, I think that this amount now offered is fair and reflects the impact on Miss A and her family.

I have carefully considered all the responses by both parties. Allianz was unclear as to why Miss A had to move out of her home in May 2021. Miss A said that this was when she had the dry rot treatment – so as to mitigate her losses by preventing further damage. Miss A has provided invoices as proof of this and I think that those invoices should be sent to Allianz for consideration and validation.

The work that appears to be outstanding relates to the flooring and the associated costs of installing the flooring at Miss A's home. As this work remains outstanding and Miss A is currently sourcing suitable flooring, I think that Allianz ought to cover the costs of the purchase of the replacement flooring, as well as the associated costs of installing the flooring, including alternative accommodation.

Finally, Allianz has accepted and agreed to the recommended amount of compensation of £450, for the trouble and upset caused.

In the circumstances, to put matters right, I direct Allianz Insurance PLC as outlined below.

My final decision

For the reasons I have explained, my final decision is that I uphold this complaint.

Allianz Insurance PLC to consider and validate all invoices that Miss A and reimburse the costs incurred by Miss A.

Allianz Insurance PLC to pay for the outstanding flooring and associated costs including any alternative accommodation required, in line with the policy terms and conditions.

Allianz Insurance PLC to pay Miss A compensation of £450 for the distress and inconvenience caused.

Allianz Insurance PLC must pay the invoices and compensation within 28 days of the date on which we tell it Miss A accepts my final decision. If it pays later than this it must also pay interest on the amounts 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 Miss A to accept or reject my decision before 28 July 2022.

Ayisha Savage
Ombudsman