

The complaint

Ms C is unhappy with the way U K Insurance Limited (UKI) handled her claim under her home insurance after her home suffered water damage from a broken pipe.

Although a third party brought this complaint on her behalf, for ease I'll refer only to Ms C throughout my decision.

What happened

Ms C claimed under her home insurance after a broken pipe caused significant water damage to the lower floor of her home. Work didn't start for over six months because of the national lockdown. When work did start, it was found to be more extensive than previously thought, so Ms C needed to move into alternative accommodation.

UKI identified damp issues with Ms C's property and explained that it couldn't fit the kitchen until it was addressed. There was some dispute about whether the damp was caused by lack of a damp proof course (DPC) or whether the water damage from the broken pipe had caused or contributed to it.

Because the allowance for alternative accommodation had run out, Ms C moved back into her home before works were finished. Her kitchen still hadn't been replaced. In the absence of any agreement about the damp issue, UKI cash settled the remaining part of the works.

Ms C asked for a written breakdown of what the cash settlement covered, which UKI didn't provide until almost three months later.

Overall, Ms C was unhappy with the way UKI handled her claim and she complained about several issues, including:

- lack of communication
- delays carrying out work
- provision of inappropriate alternative accommodation
- lack of clarity about the damp issues
- inappropriate removal of an underfloor gas pipe
- missing cost of replacement fire surround
- rusted radiators
- returning home before works were completed
- failure to provide an adequate meal allowance

UKI agreed it hadn't handled Ms C's claim well and it offered her £250 compensation. She didn't think that went far enough.

Our investigator upheld Ms C's complaint. Over the course of his review, UKI increased its offer and paid Ms C £500 compensation. It also paid a little under £2,000 for the meal allowance.

Our investigator recommended that UKI resolve the issues of complaint and he set out what actions it should take. UKI agreed with all except one of his proposals – arrange for a damp proof course to be completed in the ground floor area applicable to this complaint. UKI said that Ms C didn't have a DPC before the claim so providing one would be considered betterment.

The complaint was passed to me to decide.

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've decided to uphold Ms C's complaint and I'll explain why.

In brief, our investigator said UKI hadn't handled Ms C's claim as well as it should've done, and it was clear she'd experienced distress and inconvenience. UKI agreed and, except for the DPC, it accepted our investigator's proposals.

I've looked at everything before me and I agree with our investigator's conclusions and for much the same reasons. I won't comment on every piece of evidence – our rules don't require me to - or go into detail about the issues which are now agreed. Instead, I'll summarise what's been agreed and then focus on the remaining, outstanding issue of complaint.

Issues agreed

For clarity, Ms C was unhappy about the way UKI replaced the flooring without taking into consideration the gas pipe underneath and she didn't think it had covered the cost of the damage to her fire surround and hearth. UKI has since agreed to cash settle for the fire surround and hearth, and to cover reasonable costs, or additional costs, for refitting the gas pipe as it was before it was removed. The evidence showed that the fire and surround had been left damaged and the gas pipe was oddly placed, so I think the offer will put that right.

UKI cash settled for the kitchen on the basis of remove and return – that is, replacing the existing cabinets once repairs were done. However, Ms C needed new cabinets due to the damage caused. UKI agreed to settle the difference between the two standards of work. Again, this places Ms C in a position of having a functional kitchen which is what she had before, so I'm satisfied that's a fair outcome.

UKI agreed to replace, or provide a cash settlement for, the radiators which were left outside to rust, to pay further compensation of £250 for the distress and inconvenience caused, and to provide a breakdown of the cash settlement. Given the lack of clarity around what work UKI was going to do or pay for throughout the claim, but taking into consideration that UKI has already paid Ms C some compensation, I think this is a fair agreement.

Outstanding issue

That leaves the remaining issue of the damp proof course. Ms C said UKI agreed to cover the DPC in its settlement of her claim. UKI said that would constitute betterment because there's no evidence she had a DPC before the peril occurred.

Its final suggestion to this service was that if Ms C hadn't already carried out the replacement kitchen work, it would agree to cover the DPC. Ms C had already replaced her kitchen.

On the face of it, I can see why UKI thought including the DPC in Ms C's claim would be betterment. She didn't already have one so, if UKI covered that work, her home would be in a better condition than it was before the peril occurred.

However, if UKI replaced the kitchen without doing the DPC, there's no guarantee that it would be a lasting repair. UKI's role was to put Ms C back in the position she was in before the peril, and that was with a functioning kitchen. If UKI needed to put in place a DPC before replacing the kitchen, then I'm satisfied it should've done so.

UKI said it offered a cash settlement so that Ms C could arrange for the DPC before she paid for the kitchen replacement. But it's clear from UKI's records that she wasn't going to do that. What isn't clear, is whether UKI agreed to put in a DPC. UKI told Ms C it would deal with the damp issue. She took that to mean it would put a new DPC in. UKI said it meant it would dry out the existing damp. However, its notes show that it asked the contractor to put a DPC in and the contractor refused. That, to me, shows UKI intended to complete the work for Ms C. So, I think it's reasonable that she expected the work to be done, regardless of whether UKI cash settled the remainder of her claim.

While UKI said it would cover the DPC if Ms C hadn't already replaced her kitchen, that doesn't deal with the issue of providing for a lasting repair. Considering the evidence, and to bring this matter to a close, I think it's fair and reasonable for UKI to arrange for a DPC to be completed in the ground floor area relating directly to this claim.

My final decision

For the reasons given above, my final decision is that I uphold the complaint and U K Insurance Limited must:

- arrange for a damp proof course to be completed in the ground floor area relating directly to this claim
- pay a further £250 in light of the distress and inconvenience caused to Ms C
- provide Ms C with a breakdown of what the cash settlement covers
- cash settle for the fire surround and hearth
- cash settle the difference between replacement and "*remove and return*" for the kitchen cabinets
- replace the radiators or provide a cash settlement instead
- cover the reasonable cost of refitting the gas pipe and, if already completed, cover any additional cost to refit the gas pipe as it was before removal
- pay interest on the reimbursement of any applicable recommendations at a rate of 8% simple interest from the date the expense was incurred, or cash settlement should've been paid to the date of reimbursement.

*If U K Insurance Limited considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Ms C how much it's taken off. It should also give

Ms C a certificate showing this if she asks for one, so she can reclaim the tax from HMRC if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 12 September 2022.

Debra Vaughan
Ombudsman