

The complaint

Mr and Mrs S have complained about the poor service they received from AA Underwriting Insurance Company Limited (AAUICL) when they made a claim for an escape of water under their home insurance policy.

As Mr S is the lead complainant for ease I'll refer to him on behalf of Mr and Mrs S in my decision.

What happened

In September 2021 Mr S reported a leak under the floor of their kitchen and he made a claim to their insurer AAUICL. AAUICL accepted the claim.

Mr S was very unhappy with the lack of progress and raised a complaint with AAUICL.

In December 2021 AAUICL upheld Mr S's complaint. It accepted it had caused delays and paid £100 compensation for the distress and inconvenience caused. Works hadn't started but were booked in to begin around 13 December 2021.

Mr S thought the compensation AAUICL paid wasn't enough to reflect the distress and inconvenience it had caused. He brought his complaint to us. He explained that his elderly mother lived with them and had dementia. He explained the impact on daily life while waiting for the works to commence and having very limited use of their kitchen for almost three months.

Our Investigator didn't think the compensation AAUICL had paid was enough. He considered what Mr S told us about the impact and recommend AAUICL increase the compensation amount by a further £500, to a total award of £600.

Mr and Mrs S accepted the investigator's recommendation.

AAUICL didn't agree. It however accepts that it didn't offer a fair compensation sum and has offered to pay an increased total sum of £350.

The Investigator put AAUICL's offer to Mr S but he didn't accept it. He thought the Investigator's recommendations were fair.

So the case has been 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.

AAUICL accept that the compensation it paid of £100 wasn't enough to resolve Mr and Mrs S's complaint and I agree. I think it's clear from AAUICL's notes and from Mr S's testimony that the claim was handled poorly and unnecessary delays occurred.

It's also clear that AAUICL were made aware from very early on in the claim that Mr S's mother had dementia. I can see that Mr S made several calls to AAUICL for updates and call backs were agreed but Mr S would then call AAUICL.

There was some dispute between AAUICL and the contractors over costs and codes used to submit the contractor's costs which led to delays.

I know that for some of the period between 22 September 2021 – when Mr S first contacted AAUICL – to around 6 December 2021 when AAUICL replied to their complaint – that Mr and Mrs S were on holiday. However, overall I think AAUICL's handling of the claim – with the knowledge that Mr S's mother had dementia – was very poor – despite agreeing to treat the claim as a matter of urgency.

The remaining issue for me to decide is whether AAUICL's offer to increase the compensation from £100 to £350 is fair and reasonable.

We look at each case on its own merits when deciding compensation as no two cases are the same. Mr S told us that there was a hole in the floor of the kitchen – which I can see is referred to in AAUICL's notes. He said he had to put temporary boards down in the kitchen in order for them to safely access it. Many of the items they would use had to be moved from the kitchen into another room. Mr S explained that the disruption was heightened for his mother in light of her condition – and that this inevitably increased the distress for him and Mrs S. He says that eventually he had to put a lock on the kitchen door to prevent his mother from going in there and to keep her safe from harm.

It's reasonable to expect a degree of disruption and inconvenience when a claim is made. But in this case, I think AAUICL's poor service caused significant distress and inconvenience over and above what we would consider reasonable. And I think AAUICL were made aware of Mr and Mrs S's circumstances early on. So it had an opportunity to ensure the claim was given priority. It failed to do this despite Mr S's regular calls chasing for an update and progress on the claim.

So I think in these circumstances – given the works hadn't begun almost three months after the claim was registered – that a compensation award of £600 in total for Mr and Mrs S is within the range of reasonable. I think this is a fairer sum to reflect the impact of the delay AAUICL caused in this case. Given the circumstances of this case, I think it's clear that any delay will have had a greater than usual impact on daily living for Mr and Mrs S.

Mr S says they didn't cash the cheque payment AAUICL sent for £100 in December 2021. I've set out what I think AAUICL should do to put things right below.

My final decision

For the reasons I've given above, my final decision is that I uphold this complaint. I require AA Underwriting Insurance Company Limited to increase the compensation it pays Mr and Mrs S for the distress and inconvenience caused by its delay by a further £500, to a total of £600.

AA Underwriting Insurance Company Limited must pay the compensation within 28 days of the date on which we tell it Mr and Mrs S 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 a simple rate of 8% a year.

If AA Underwriting Insurance Company Limited considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr and Mrs S how much it's taken off. It should also give Mr and Mrs S a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S and Mr S to accept or reject my decision before 4 August 2022.

Geraldine Newbold
Ombudsman