

The complaint

Miss W has complained about Fairmead Insurance Limited trading as Legal and General (L&G)'s handling of a claim she made under her home insurance policy.

What happened

In August 2021 Miss W notified her insurer L&G of an escape of water in her home. In September 2021 L&G accepted Miss W's claim. Stripping out and drying out works were completed by L&G's approved contractors in October 2021.

Due to a delay in arranging for reinstatement works to be done, Miss W asked for the remainder of her claim to be settled by way of a cash settlement as she could arrange for the works to be done sooner.

L&G paid a cash settlement minus the excess due for the claim.

Miss W complained to L&G about the delay it caused. It upheld her complaint as it accepted it had caused unnecessary delay in arranging reinstatement works. L&G apologised and paid Miss W £150 compensation for the distress and inconvenience caused.

Miss W remained unhappy and asked us to look at her complaint. Miss W explained to us that although she could use the bathroom, the flooring was difficult to access and she had to put temporary materials down in order to safely access the room.

Miss W said she wouldn't have gone ahead with a cash settlement option if L&G could have arranged repairs within a reasonable timeframe. Miss W says it cost her much more than the cash settlement L&G paid which she thinks is unfair.

Our Investigator thought L&G should meet the costs Miss W paid for the repairs to her bathroom and reimburse Miss W with interest. She thought L&G was responsible for the delay which led to Miss W's decision to arrange repairs – and she thought this decision was a reasonable one for Miss W to have made.

L&G didn't agree and wants an ombudsman to decide. It said it could have carried out the works at a later date and didn't force Miss W to make her own arrangements and accept a cash settlement.

L&G has provided its Surveyor's comments on the cost of the works which Miss W paid a contractor for. The Surveyor says the works match aside from the cost to replace two doors. The Surveyor thought they didn't need replacing as they found the door frames were water damaged, but not the doors. The remaining difference is in the labour rates – as the insurer has preferential rates which brings down the costs on their schedule of works.

Miss W accepted the investigator's view. As L&G didn't agree, 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.

I note that the Surveyor has commented on the difference between the cost Miss W paid her contractor to their Schedule of Works (SOW). In their opinion the initial SOW was below the amount it would have cost to complete reinstatement works. It says a fair estimate for the works would be around £2,500.

The quote provided by Miss W came to £3,250 + VAT. The Surveyor commented as follows:

“Have looked at SOW, and contractors quote. All items on both are almost the same, with the exception of x2 new doors being added to the contractors quote. At the time of our visit there didn't appear to be any water damage to the doors, only the framework. The door was only sticking due to floor expansion

There is no matching item issue on this claim, all floor tiles and been included.

The big difference between the two, are the rates.”

I think the reason why Miss W asked for the cash settlement in this case is significant. L&G accepts that it was responsible for a delay in being able to arrange for a contractor to carry out the reinstatement works to Miss W's bathroom. This delay is what led Miss W to make the decision to accept a cash settlement – as she was able to make her own arrangements sooner and she was living with the inconvenience of limited access and use of her bathroom since September 2021.

So in this case I think the fairest outcome is for L&G to meet the remaining costs Miss W paid for repairs to her bathroom in full. I think it's reasonable that the doors were water damaged and required replacing. As the remaining difference relates to the labour rates, I don't think it's fair for Miss W to pay the difference. I think she made a reasonable decision in the circumstances and isn't responsible for the delay caused by L&G in arranging repairs by an approved contractor – at their preferential rates.

My final decision

My final decision is that I uphold this complaint. I require Fairmead Insurance Limited trading as Legal & General to do the following:

- Reimburse Miss W for the remaining costs to carry out repairs to her bathroom under the claim she made for an escape of water.
- Pay interest on the reimbursement (subject to reasonable proof of payment from Miss W)
- Pay a rate of 8% simple interest a year from the date of payment to the date of reimbursement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 30 August 2022.

Geraldine Newbold
Ombudsman