

The complaint

Mr H is unhappy with how esure Insurance Limited (esure) has handled his buildings insurance claim.

He complains that esure caused avoidable delays and didn't keep him up to date. And that its failure to progress his claim caused the damage to worsen. He's unhappy with esure's handling of alternative accommodation and he considers it to be responsible for the increased water bills he's incurred during the life of the claim.

Any reference to esure includes the actions of its agents.

What happened

. This is a lengthy claim. While it has spanned a period of nearly four years – and is still ongoing - my decision only considers events up until the time of esure's final decision letter, which was sent in September 2021.

- Mr H has a buildings insurance policy which is underwritten by esure. In October 2018, Mr H discovered an escape of water which was affecting the basement of his property where his kitchen is housed.
- In mid-November 2018, following some inquiries, he informed esure the local water authority had told him the water supply where the leak occurred was his responsibility as it's on his property.
- In the early months of the claim, it was discovered that the faulty water pipe needed replacing but the contractor that esure had assigned to repair it was unable to do so. And so, a temporary repair was carried out.
- In February 2019, esure approved Mr H's quote for another contractor to carry out permanent repairs to the pipe.
- In early April 2019, the repairs to the pipe were completed. The next step was for esure's contractor to strip out the affected areas, clean and arrange for the area to be dried before reinstatement works could begin. But, by the end of April, the kitchen units were still in situ, and the strip out hadn't started.
- Over the next six months, there were discussions between esure's agents, and visits to Mr H's property to determine the works required.
- In November 2019, esure approved the surveyor's proposal that the reinstatement will happen in three stages. Mr H is told that works will proceed, and a kitchen pod will be installed at his property so he can remain in his home.
- In mid-December 2019, Mr H is informed that works will now likely commence in the new year.

- In February 2020, Mr H chases esure for an update. A pre-start meeting was arranged for 20 February but was pushed back to mid-March, then August 2020 for various reasons.
- The works were set to begin on 14 September 2020 with an anticipated end date of 2 December 2020. But due to a supplier being unable to meet with Mr H and esure's agents, the start date is delayed.
- esure discussed with Mr H that it's surveyor and contractors were concerned about Mr H and his family staying in the property and propose housing Mr H in short-term rental accommodation or postponing the works until the new year. Mr H explained he was not keen to move out and thinks that delaying the works until spring 2021 might be sensible. esure wrote to him to confirm the claim was on hold.
- In November 2020, Mr H contacted esure to say he didn't want the claim on hold and wants to discuss alternative accommodation. He highlighted it had taken esure six weeks to reply to him.
- There's little progress from this time until March 2021 – esure says this was due to the imposition of another lockdown and because it was awaiting Mr H's decision on the kitchen design.
- In June 2021, esure tell Mr H alternative accommodation will be necessary and suggest that if he's unwilling to do move out, a cash settlement might be the better option. Mr H continues to look for alternative accommodation but says there's little availability.
- In July 2021, esure say nothing further can happen until the pandemic restrictions ease. Unhappy with the lack of progress, Mr L complains to esure.
- By the time of its final decision letter in September 2021, esure has provided a cash settlement offer to Mr H and says it's no longer a viable option for Mr H to remain in the property. Mr H explained his preference to use esure's contractors and raised questions about the cash settlement.
- Mr L brought a complaint to this Service and an Investigator considered what had happened up until the final response letter.
- He upheld Mr L's complaint and said esure needed to pay £1,000 compensation. Whilst he accepted some of the delays weren't esure's fault, he said it had failed to progress the claim for a significant period and had unfairly put the onus on Mr H to arrange alternative accommodation. He said knowing that the damage would worsen over time would have added to Mr H's stress. He said esure should consider any direct financial loss Mr H has incurred due to esure's handling of the claim.
- In response, Mr H provided evidence of water bills he said had increased because of his claim. esure said it would consider the water bills as part of the claim settlement. But it didn't agree to the compensation and said it considered £500 to be a fair amount.
- Our investigator remained of the position that £1,000 was fair and so the complaint has been passed to me for a final decision.

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.

The Insurance Conduct of Business Sourcebook (ICOBs) says an insurer must handle claims promptly and fairly. What's prompt will depend on the circumstances and so there isn't a defined timeframe. But where there's lots of damaged and remedial works, things will obviously take longer.

esure doesn't dispute that it's caused avoidable delays. It's acknowledged that poor communication between itself and its contractors meant things didn't progress as quickly as they should. In the early months of the claim, it says there were delays with the faulty pipe being repaired and it admits it took too long to review Mr H's quote for an independent contractor to complete the pipe repair meaning the claim didn't progress as it should have. Given Mr H had received notices from the water authority to complete the pipe repair in 10 days (the first being issued in December 2018 and the second in January 2019), esure's failure to progress the claim, would have no doubt compounded his stress at this time.

esure considers the bulk of the delays to have occurred from after the faulty pipe was fixed in April 2019 to when the national lockdown was imposed in March 2020. And the evidence I've seen does support this. But given esure has acknowledged it caused delays with the initial pipe repair, I'm more persuaded the avoidable delays occurred between January 2019 until March 2020 – which is a significant period of time.

Following the easing of lockdown restrictions, it appears that between September 2020 to July 2021 little progress was made with the claim. Whilst I accept Mr H may have contributed to some of the delays - because of his concerns about moving into alternative accommodation - I'm not persuaded it's fair to say the lack of progress during this time is solely due to this.

Having made his concerns about moving out apparent – and having seemingly struggled to find alternative accommodation – I'm not persuaded esure did enough to find him suitable housing. Whilst esure may have said it might be easier for Mr H to look for accommodation - because it needed to meet Mr H's family's needs - it was ultimately, esure's responsibility to find somewhere suitable for him. From what I've seen, it was apparent the conversations about alternative accommodation were causing Mr H distress and esure should have done more to assist him. Had it done so, I think it's likely the claim could have moved forwards during this time.

I do, however, think it's necessary to explain that it wasn't unreasonable for esure to change its position and require Mr H and his family to move out of the property so works could begin. Whilst I note Mr H is unhappy about this, esure ultimately has a duty of care towards him and his family when carrying out the repair works, and if it has deemed it to be unsafe for Mr H to remain in the property, it's entitled to make that decision. I note in September 2021 it gave Mr H the option of a cash settlement to enable him to instruct his own contractors *and* remain living at the property - which I consider to be reasonable.

I did note that in September 2021 the claim was put "on hold". Mr H did say it "would be sensible" to pause things until the New Year so long as other elements of the claim – such as the design and scope of works, were completed during this time to enable the repair works to continue without delay. But then further coronavirus restrictions were put in place which prevented the claim from progressing.

Whilst it wouldn't be fair to hold esure responsible for delays which were outside of its control

– namely, coronavirus restrictions – it seems clear to me that esure's actions over the life of the claim (up until its final response letter) significantly prolonged it.

At the time of esure's final response Mr H had been dealing with this claim for almost three years – a period significantly greater than the proposed three-to-four-month time scale for the repair works. Even when putting aside delays which weren't attributable to esure's handling of the claim, the avoidable delays amount to a significant proportion of the life of the claim. Having a claim pro-longed for this amount of time would understandably cause Mr H stress especially when the damage would worsen over time. When I've thought about the above along couple with the fact Mr H had been given mixed messages from esure's agents and had to spend time chasing esure for updates, I'm satisfied £1,000 compensation suitably reflects the difficulties Mr H has experienced.

Financial loss

Following our investigator's view, Mr H submitted water bills which he says show his water bills increased because of the claim. These have been shared with esure who will consider these as part of the overall claim settlement. I consider this to be a reasonable course of action. If Mr H has concerns about how esure has considered these, he'd need to raise a complaint with it in the first instance.

My final decision

My final decision is that I uphold this complaint and I direct esure Insurance Limited to pay Mr H £1,000 compensation.

Esure Insurance Limited must pay the compensation with 28 days of the date on which we tell it Mr H accepts 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 8% a year simple interest.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 15 December 2022.

Nicola Beakhust
Ombudsman