

## **The complaint**

Mr H complains about Fairmead Insurance Limited trading as Legal and General (“Fairmead”) handling of his home insurance claim.

## **What happened**

The background of this complaint is well known to both parties. So, I’ll summarise the key points I’ve focused on within my decision.

Any reference to Fairmead includes its respective agents or contractors.

- In August 2020, Mr H made a claim on his home insurance policy for damage to his underground drains/pipes.
- The damage to the property included wet and dry rot, which isn’t covered under the policy. However, as it couldn’t be determined when the rot started, Fairmead agreed to cover the damage.
- During the works some of the flooring had to be replaced. As there was no door bar from one of the rooms with damage the flooring had to be extended into an unaffected room - the converted garage used as a sitting room. This room wasn’t affected by the original leak so wasn’t part of the schedule of works but when replacing the floor Fairmead found rising damp. It determined the issue to be the damp proof membrane hadn’t been installed correctly when the garage was converted and said this wasn’t covered by the policy (uninsured works).
- Fairmead have offered two options to Mr H to move things forward:
  - cash settle the claim in line with the policy cover for the insured works; or
  - Mr H can get the uninsured works done privately addressing all rising damp issues. Following completion of the works, Fairmead would arrange for its contractor to return to complete the insured works.
- Mr H wants the alternative accommodation (AA) to continue during this time as he felt his home wasn’t safe to live in until the decoration and final works were completed in full.
- Fairmead agreed to ensure the home was safe to return to and explained that the policy limit had been reached for AA. It agreed there had been a lack of communication and some unnecessary delays in progressing the claim and offered £350 compensation.
- Our investigator upheld the complaint she felt that due to some avoidable delays Fairmead should make an overpayment of £2,314.90 on the AA and increased the compensation to £600 to reflect the impact on Mr H.
- Mr H didn’t agree, so the complaint has been passed to me, an Ombudsman to make 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.

Fairmead issued its final response to Mr H's complaint in September 2021. But agreed for our investigator to look at what had happened up to the point of her issuing her view as things had progressed. I understand Mr H has since raised some additional issues regarding outstanding works and Fairmead are arranging a site meeting to address these and ensure they've been cash settled. I will therefore not be addressing these issues in this decision.

I can see a lot has happened during the life of this claim. But within this decision I won't be responding to every specific point. This is not intended as a discourtesy, but a reflection of the informal nature of our service. My role is to focus on what I consider the crux of the complaint to be which means I will only comment on those things I consider relevant to the decision I need to make.

### *Inherent damp issue - rising damp*

Works started in May 2021 but stopped in August 2021. As Fairmead discovered there was an inherent damp issue in the sitting room – the converted garage, that is not covered under the policy. Mr H feels the damp issue should be covered and provided a report. I've considered both reports on the damp issue and although the experts opinion differ on causation, both indicate this is do with the conversion of the garage and it is therefore a pre-existing damp issue not related to the claim. I am therefore satisfied that this damage is uninsured and not covered by the policy.

In September 2021, Fairmead made Mr H aware that he would be responsible for rectifying the inherent damp issue and gave Mr H the options of a cash settlement for the remaining insured works or it would come back to complete the insured works once this damp issue had been put right. I'm satisfied these options were fair in the circumstances of this case.

Mr H feels that the damp issue should've been found earlier in the claim process. I can appreciate his point on this, but I can also understand the reasons Fairmead have given to why it became apparent at a later stage in the claim. However, even if I accepted what Mr H says in that it should've been picked up sooner, I'm not persuaded this would've made an overall impact on the claim. I say this because when the damp issue became apparent Mr H didn't accept it and he didn't arrange for the works to be carried out to rectify the issue. So, I'm satisfied that a stalemate with Fairmead would've just happened sooner than it did.

### *Alternative accommodation (AA)*

Mr H wants Fairmead to pay for the entire time he has stayed in AA or at the very minimum up until February 2022 when the property was declared habitable.

As mentioned above all works stopped in August 2021 due to the inherent damp issue, and as Fairmead couldn't continue with the works until this was rectified it ultimately cash settled for the remaining works.

However, the AA policy limit has been reached and Mr H has received all payments up to the limit.

But Mr H has said his home wasn't safe to return to with young children and an elderly parent due to sharp edges, nails protruding, staples in floor etc and said the property was uninhabitable. Fairmead disagreed that the home was uninhabitable but agreed to carry out

these snagging works to make Mr H's family return more comfortable. Although I appreciate living in a home with unfinished works can be challenging with the snagging issues, I agree it didn't make the property uninhabitable.

However, Fairmead accepted that it had caused some delays in the claim and agreed to our investigator's recommendation to make an overpayment for the AA which I'm satisfied is fair in the circumstances. I appreciate this overpayment doesn't cover the whole period Mr H has been in AA, but I have also taken into account that Mr H caused some delays as well. For example, he took nearly two months to make his material choices. Also, Mr H has known since September 2021 that he would need to rectify the inherent damp issue, but these works were not carried out and have only recently started so Mr H has not mitigated his losses. So, I can't hold Fairmead responsible for all the delays and I wouldn't expect it to cover AA for getting uninsured works done. I'm therefore not persuaded that it needs to pay any more than the agreed AA overpayment of £2,314.90.

### *Compensation for distress and inconvenience*

With a claim of this nature there will always be a degree of inconvenience and disturbance. I appreciate Mr H has said this has affected his mental health with the worry of it all and caused a strain on finances. Fairmead hasn't disputed that there has been a lack of communication and some unnecessary delays in progressing the claim and offered £350 compensation in its final response letter dated 23 September 2021. Although I can see at times the claim stalled or work went beyond the planned schedule this wasn't always avoidable. However, I'm persuaded that works started later than they should've, and communication could've been better at times. I agree with our investigator that the compensation should be increased by a further £250 and instruct Fairmead to pay in total £600 compensation.

### **Putting things right**

I instruct Fairmead Insurance Limited trading as Legal and General to do the following:

- Pay an additional AA overpayment of £2,314.90
- Pay an additional £250 compensation to the £350 already offered - £600 in total. Fairmead must pay the compensation within 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.

### **My final decision**

For the reasons given above I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 7 October 2022.

Angela Casey  
**Ombudsman**