

## **The complaint**

Mr J is unhappy with the way Fairmead Insurance Limited has dealt with a claim he made under his home insurance policy.

## **What happened**

The circumstances of this complaint aren't in dispute, so I'll summarise the main points:

- Mr J got in touch with Fairmead in 2018 after discovering crack damage to his home.
- Fairmead accepted the claim and appointed a loss adjuster. They identified a tree they thought was causing the subsidence problem and Mr J had it removed.
- A contractor was appointed to create a schedule of work to repair the damage. A disagreement arose about the extent of work required.
- Mr J complained in October 2020. Fairmead provided its final response in December 2020. It accepted there had been delays and offered him £250 compensation.
- The claim continued and Fairmead updated the schedule of work to include, amongst other things, drainage repairs. On Mr J's request, it made an offer to cash settle the claim. Mr J complained about this in May 2021 as he didn't think the offer was enough for him to have the required work carried out privately. In part that was because he said Fairmead's schedule of work didn't include everything it should.
- Fairmead provided a second final response in July 2021. It said its offer was based on the work required and was correct. It maintained it was prepared to carry out the work, or it could pay Mr J around £14,000, with the potential for VAT to be added too.
- Mr J referred both his complaints to us in January 2022. He had quotes for around twice the amount Fairmead had offered, including more work than was in the schedule Fairmead had created, such as enhancing the foundation.
- Our investigator said the first complaint response had been referred to us too late for us to consider it. Mr J had to refer it to us within six months but it had been over 12. But we were able to consider the second complaint response, as it had been referred to us in time. That meant the scope of our investigation would be the claim events from December 2020 to July 2021 only.
- During our investigation, Fairmead said the foundation and building had stabilised as a result of removing the vegetation. So it didn't think any foundation work was required. But it offered to monitor the building for movement for six months to provide reassurance the building is stable. It accepted the schedule of work needed updating again to reflect the required repairs and suggested visiting Mr J to inspect the problems he'd identified and update the schedule accordingly.

- Our investigator thought Fairmead's offer to revisit and update the schedule, and monitor if Mr J wished, was a reasonable one to progress the claim. She said the way the claim had been handled during the relevant time had caused delays and recommended Fairmead pay £500 compensation for this.
- Fairmead didn't respond. Mr J asked for an Ombudsman's decision. He made a number of points. In summary, he wasn't confident Fairmead would provide a reasonable schedule of work at a reasonable value. Nor did he think it would carry out the work promptly. He expressed concern about the way the claim had been handled throughout and noted the damage was getting worse.

### **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 scope of this complaint is the claim events that occurred between December 2020 and July 2021. We can't consider anything that happened earlier in the claim.

If Mr J has concerns about anything which happened after July 2021, he's entitled to make a complaint about that and he may be able to refer it to this service. For example, he mentioned problems renewing the policy in 2022. But I won't be considering them within this decision as they're outside the scope of the complaint.

Mr J is concerned the building may not be stable and thinks the foundation needs to be enhanced. Fairmead says the building has been stabilised by removing the tree. Ordinarily, once the cause of subsidence has been removed, the building will naturally stabilise and foundation improvements aren't required. I haven't seen any expert evidence to suggest that won't be the case here.

However, I understand Fairmead has agreed with Mr J that drainage defects have also contributed to the movement. Whilst drainage repairs have been included in the schedule of work, my understanding is they haven't been completed yet. As a result, it's possible the defects may be contributing to continued movement. But there's no evidence to suggest their repair won't bring stability to the property or that the only way to stabilise the property is to enhance the foundation.

So, based on the available evidence, I'm not persuaded Fairmead needs to improve the foundation as part of its schedule of work. Both of the quotes Mr J has provided included this work. Accordingly, I'm not satisfied it would be fair to ask Fairmead to settle the claim based on the quotes.

Fairmead has offered to monitor the property if Mr J would like it to. I know Mr J doesn't want to prolong the claim. And Fairmead expects to see little, if any, movement with the tree removed. But I think it's reasonable to give Mr J this option. It's up to him if he would like to take it. So I won't require Fairmead to monitor in case he doesn't want it to.

Fairmead accepts the schedule of work it provided in early 2021 needs to be updated in a number of ways. For example, fully rebuilding a wall and additional crack and patio repairs. It has suggested the most effective way to do this would be to inspect the damage as it is currently, before revising the schedule based on accurate measurements.

I agree it would be beneficial to arrange a visit to ensure the schedule is accurate. Given the delays reaching this stage and the numerous attempts to create a schedule so far, it's important this visit produces a finalised, fully accurate schedule of work.

With that in mind, I think the loss adjuster, contractor and Mr J should meet at the visit. The loss adjuster and contractor can go through the existing schedule, listen to Mr J's concerns about it and decide what to change. Those changes should be made promptly. It has often taken weeks or months to make schedule updates. I think it would be reasonable to expect the schedule to be updated and shared with Mr J with two weeks of the visit. Alongside the schedule, the loss adjuster should also explain the reason for any changes it hasn't agreed to make. Then all parties will be clear on the position.

Once the schedule has been updated, the loss adjuster can also provide a revised cash settlement to Mr J. He can then consider whether he would like Fairmead's contractor to carry out the work or whether he will take the cash settlement to arrange the work himself. If Mr J asks Fairmead to arrange for the work to be carried out, it must bear in mind its duty to provide a lasting and effective repair. Given the delays so far, it should also take into its requirement to handle claim promptly and ensure there are no further delays.

Fairmead has been clear it's prepared to carry out the work, or provide a cash settlement to the equivalent value to Mr J. I'm satisfied that's a reasonable approach to take. If Mr J asks Fairmead to carry out the work, he only needs to pay his excess and need not suffer any further financial loss. That places him in a fair position. But if he would prefer to arrange the work himself, he's entitled to do that. But I don't think it would be fair to make Fairmead increase the cash settlement to reflect the costs Mr J is likely to face on the open market. That's because its offer to carry out the work will reasonably indemnify him. So I don't think it needs to pay more than the reasonable indemnity cost.

I agree with our investigator that Fairmead has caused avoidable delays. At the beginning of the timeframe, it was looking into updating the schedule. Things haven't materially changed since then. Whilst an update has taken place, it's not the finalised and fully accurate schedule. I can't see any reason why it should take so long to agree further changes – and have them reflected in a revised schedule of work that can be shared with Mr J.

Because of this, I'm satisfied Fairmead ought to compensate Mr J for the distress and inconvenience he's been caused by the avoidable delay. I'm satisfied £500 is a reasonable amount in the circumstances.

### **My final decision**

I intend to uphold this complaint and require Fairmead Insurance Limited to:

- Update and finalise the schedule of work, as set out above.
- Monitor the building for movement, if Mr J would like it to.
- Pay £500 compensation.

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

James Neville  
**Ombudsman**