

## The complaint

Ms M is unhappy about Fairmead Insurance Limited's handling and settlement of her subsidence claim under her home insurance policy.

Generally, I'll refer to representatives and others acting on behalf of Fairmead as Fairmead.

## What happened

Ms M made a claim for subsidence damage to her property extension. There were some delays but eventually Fairmead's loss adjuster "S" appointed a contractor "G" to come up with a *"treatment plan"* to stabilise the house. After this S reviewed the damage to the property and produced a schedule of work to repair Ms M's home. However, the first scope of work put forward was checked again, and after a further visit to the home a second schedule involving far less repair was provided.

S said a far smaller repair was needed because it didn't need to include the kitchen floor as this wasn't claim related. It said the kitchen floor was suffering wear and tear, gradual damage, and faulty design. It said the floor was moisture affected, softening and unventilated, so it wasn't covered. Fairmead said the damage just wasn't consistent with subsidence and the damage wasn't covered under the policy.

Ms M didn't accept this. She got her own expert report courtesy of "H". This said *"the damage to the units and the out of level of the floor is being blamed on 'softening' of the joists...clearly the joists have not suffered in the manner assumed...the joists are clearly wrapped in damp proof course at their bearings and have suffered no compression whatsoever."* It concluded that the floor and kitchen units were clearly linked to subsidence. It said underpinning and significant internal work was needed to the kitchen floor and units. However, Fairmead maintained its decision.

In terms of the service provided Fairmead did accept it hadn't been as good as Ms M should have been able to expect. Over a couple of her complaint issues it paid £500 compensation for the lack of service and problems caused. But as the kitchen floor remained in dispute Ms M brought her complaint to this service.

Our investigator upheld the complaint. She said she was more persuaded by Ms M's report. She didn't think Fairmead had provided enough evidence to show it could rely on a policy exclusion for wear and tear. Our investigator said the floor and kitchen units should be included within the scope of works as part of the claim. She also said Fairmead should pay for the cost of Ms M's report and pay 8% interest on this cost from the date the report was obtained until settlement date. To compensate for the extra distress and inconvenience of having to get her own report she said Fairmead should pay a further £100 compensation.

Unhappy with this Fairmead asked for the case to be passed to an ombudsman for a decision.

In my recent provisional decisions, I said:

*“Fairmead maintains its decision is correct regarding the kitchen floor and units. It said, “We would still stand by our Technical Opinion that the movement to this Suspended Timber floor of the Kitchen Extension is not consistent with the Subsidence movement that has occurred to the foundations.”*

*Fairmead said “The degree of movement to the 2 elements are hugely different. For example, the distortion and slope to the timber suspended floor of the kitchen extension is circa 25mm over my 800mm survey spirit level. This slope to the floor runs from front to back of the extension and the kitchen worktops along the LH wall and RH wall of the kitchen also slope in the same directions due to being built off and supported by the timber suspended floor.*

*However, levels taken with the same survey spirit level along the line of the brickwork to the LH elevation of the extension show the brickwork courses to be true and level which confirms that the subsidence movements to the foundations are not consistent with the level of movement that can be seen to the kitchen floor. In our opinion this would demonstrate that the movement and slope distortion to the floor is not as a result of the subsidence.” It also provided photographs it said demonstrated the levels on site.*

*Fairmead also said “it is not my view that the timber floor of the extension was built sloping but it is my view that it has dropped over time due to a defect that has occurred within the floor! A number of factors/defects could of caused the floor to drop in this way. It is my opinion that it is not the subsidence/foundation movements that has caused the drop to this timber suspended floor. My confirmation of this is due to the external brickwork courses of the LH elevation wall of the kitchen extension still remaining level and true. This suggests that any movements which have occurred to the foundations is not consistent with the level and degree of movement and damage that is evident to the kitchen floor.”*

*Fairmead said there’s no evidence to show a link between the floor and the subsidence claim. The kitchen floor hasn’t been affected in the same manner.*

*But to counter this Ms M got further evidence from H. This said:*

- Damage is linked to the subsidence issue. It’s too much of a coincidence to suggest otherwise.*
- As foundation movement is accepted, it cannot reasonably be argued that the floor joists would remain in situ.*
- The wall in question provides support for the floor joists.*
- Sloping floor joists are among the first signs of a subsidence issue.*
- Where joists become moisture affected is at the point of bearing. If the joists were affected elsewhere by damp, this would produce a sag in the floor not a fall.*

*These new expert points do bring into question whether or not Fairmead has acted fairly and reasonably in this case*

*The matter needs to be brought to a fair and reasonable conclusion for Ms M’s sake. So, to decide this case an independent third party expert is required. To complete this Fairmead need to provide details to Ms M of three independent subsidence experts who are chartered engineers. Ms M can then look at their details and select one. Once she has confirmed to Fairmead which one she’d like to be the independent expert it should pay that experts costs and arrangements should be made between the parties for this new expert to inspect Ms M’s claim damage regarding the floor and the kitchen units. As both sides will have had a say in the selection the expert, they will be considered to have been jointly appointed by Fairmead and Ms M.*

*Once appointed the expert should be provided with the already produced evidence from both sides so this can all be reviewed before inspecting the floor and kitchen unit damage at the property. Ms M would arrange a suitable convenient date to allow the inspection to take place and she would be able to explain the outstanding issues linked to the claim to the independent expert in person. The expert would then provide a report with their findings on the cause of the damage to the floor and kitchen units to both parties for their comments, along with how this can be remedied, and what Fairmead should be paying for under this policy.*

*The parties will then be bound by the findings of the independent expert.*

*Regarding compensation I note that the claim has run over an extended period. Although subsidence claims do take a lot longer than most other types of general insurance claims, I think it's right that Fairmead accepted it should have provided a better service. It paid £500 as compensation for the distress and inconvenience it caused, and I think that was fair and reasonable in the circumstances of this case."*

### **Responses to my provisional decisions**

Both parties are happy to accept the provisional 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.

As the parties accept the provisional decision, I can confirm there is no need to change it. My provisional decision becomes my final decision.

### **Putting things right**

I require Fairmead Insurance Limited to:

- pay for and jointly appoint with Ms M an independent expert to inspect and report on the outstanding claim damage.
- both parties will be bound by the expert report findings and solutions put forward to resolve the claim.

### **My final decision**

I uphold this complaint.

I require Fairmead Insurance Limited to:

- pay for and jointly appoint with Ms M an independent expert to inspect and report on the outstanding claim damage.
- both parties will be bound by the expert report findings and solutions put forward to resolve the claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 21 September 2022.

John Quinlan

**Ombudsman**