

The complaint

Miss Q complains about Fairmead Insurance Limited's (Fairmead) settlement offer following an accidental damage claim under her home buildings insurance.

What happened

In May 2021 Miss Q found that water had entered into her house following a storm. She says water was seeping down the walls of the front bedroom, into the porch at the front of the house and also into the kitchen diner. Miss Q thought this might be related to new windows she had fitted around three years ago. She made a claim to Fairmead and it arranged for a surveyor to visit.

Fairmead agreed that there were storm conditions at the time the damage occurred. But the cause of the water ingress was thought to be due to the condition of the flat roof and potentially windows that had been installed incorrectly. Fairmead didn't accept liability for the condition of the roof or the fitting of the windows. But it did cover the internal damage under Miss Q's accidental damage cover.

Fairmead offered to arrange for the repairs once Miss Q had arranged for the external repairs to be completed. Alternatively, it offered to pay Miss Q a settlement figure based on its surveyor's report so she could arrange this work herself. It offered £1,197.60 less the £300 policy excess.

Miss Q wasn't happy with the settlement offer. She wanted to ensure the paint used was the same she had used previously. Also, that all areas of the affected rooms should be decorated, and protective coverings put in place. Miss Q obtained quotes from several contractors to carry out repairs.

Fairmead asked that the quotes should be more detailed. It spoke with the contractors directly to arrange this. Miss Q says this put them off from doing the work. The quotes Miss Q obtained were considerably more than Fairmead's settlement offer at around £7,000.

Miss Q has raised concerns that a crack in the kitchen ceiling has developed and the door is sticking as it has become swollen by the water ingress. Miss Q complained to Fairmead but an agreement couldn't be reached. So, she referred her complaint to our service.

Our investigator upheld Miss Q's complaint. He didn't think the policy covered damage to the roof or windows. But he said Fairmead should cover decorating the affected rooms in full, using the paint Miss Q bought originally. He says it should also include the skirting boards, the crack in the ceiling, the damaged door, and the provision of protective coverings. Our investigator said as Fairmead wouldn't carry out the work until the roof/windows had been repaired, it should cover the cost of Miss Q arranging the work through her contractors.

Due to the time elapsed since Miss Q made her claim, our investigator also thought Fairmead should pay £500 to acknowledge the trouble and upset she had been caused by the delay in restoring her home after the water damage.

Fairmead disagreed. It thought the quotes obtained by Miss Q were excessive and included betterment. It says it acted to validate the claim and the cost of the repairs as it was expected to do. Fairmead acknowledged its original costings didn't reflect the decoration of all walls and ceilings. It adjusted its settlement offer to £1,829.89 less the policy excess, but Miss Q didn't accept this.

Because an agreement couldn't be reached it has been passed to me to decide.

I issued a provisional decision in August 2022 explaining that I was intending to partially uphold Miss Q's complaint. Here's what I said:

provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Fairmead accepts the damage caused to the interior of Miss Q's home is covered by the accidental damage provision under her policy. But it doesn't accept storm damage as a cause for the external damage from where the ingress of water occurred. The notes from its surveyor's visit refer to ponding on the flat roof and that the felt was, "lifting".

I've read Miss Q's policy terms to understand what cover is provided. The terms under the section entitled, "What is not covered" say:

"Under this policy, we will not pay for:

Gradual events. Any loss, damage or liability arising from wear and tear that you know is happening gradually."

And:

"Defects and faults. Any direct loss or damage due to defective design, defective materials, faulty materials, faulty workmanship or failure to follow manufacturers' instructions."

I've read the report and examined the photos provided by Fairmead's surveyor. This shows areas of water ponding and some areas where the felt has lifted at the edge of the roof. I think this reasonably supports Fairmead's view that the roof is in a deteriorated condition as a result of wear and tear over time. This cause is excluded from cover under the policy terms. Similarly, any issues with the installation of the windows is excluded by the second condition set out above. So, I don't think Fairmead acted unreasonably when declining to cover repairs for the external damage. Miss Q doesn't dispute this point, so I can move on to consider Fairmead's decision to offer a settlement payment.

The policy terms say that if a claim is accepted the insurer will agree actions on the initial call and keep in touch by phone. I've read the claim notes provided by Fairmead as well as Mrs Q's testimony and timeline of events. This shows once the claim was received a surveyor was appointed and contact was maintained. Miss Q was later asked to provide quotes, which she did. This was significantly more expensive than Fairmead had assessed. I can see it asked for more detail of the intended works. It also spoke to the contractors Miss Q had approached directly to discuss this further.

Miss Q raised concerns that Fairmead asked for too much information and didn't make its requirements clear from the beginning. She also says this has meant the contractors no longer want to do the work.

I sympathise with Miss Q for the situation she found herself in. The damage caused to her home must have been upsetting for her, and I acknowledge her frustration with the efforts required to obtain quotes. But I do think it's reasonable for her insurer to have the opportunity to validate the claim. Fairmead was prepared to carry out the repairs once the underlying cause was resolved. As Miss Q had proposed alternative contractors, and the quotes she provided were much higher than Fairmead expected, it wanted to understand what work this entailed and the associated costs.

Under the section entitled, "What happens next?" the policy terms explain how Fairmead will respond when it accepts a claim. It says:

"We may offer repair or replacement through our approved suppliers. If you prefer to use your own tradesman, or receive a cash settlement for replacement goods instead, we will need to agree this with you beforehand. Any payment will generally not exceed the discounted amount we would have paid to our chosen supplier."

Having considered the circumstances described I think Fairmead acted appropriately and in line with Miss Q's policy terms.

Miss Q raised concerns that Fairmead's schedule of work wouldn't include the full redecoration of the affected rooms. I can understand why she was concerned and her view that it's not reasonable to only decorate the immediately affected areas. This would leave a mismatched finish. Since referring her complaint to our service Fairmead has now confirmed the full cost of the redecorations wasn't included in its original costings. I think it's fair that it recognised this and has now increased its settlement payment to £1,829.89 less the policy excess.

Fairmead says Miss Q's contractor quoted three times the cost it allocated for decorating. It says the contractor also quoted for skip hire at a far higher cost than it would expect to pay. It says plastering work to the ceilings in the hall and bedroom is included by the contractor when this work wasn't identified by its surveyor. Fairmead thinks some skirting can be removed and replaced, which again isn't reflected in Miss Q's quotes, and that boxing around a window wasn't necessary. Fairmead maintains that the quotes provided are excessive for the work identified by its surveyor.

I have thought about Miss Q's view that Fairmead's offer won't cover the costs quoted by the contractors she approached. And that it won't carry out the work using its own contractors.

However, from what I have seen Fairmead didn't refuse to carry out the work. It offered to complete the repairs once the damaged roof had been fixed. As its surveyor identified this as the source of the water ingress, I think it's reasonable to expect this to be resolved before the internal repairs were completed.

I can see that Miss Q approached the contractors who fitted her windows. My understanding is that they weren't prepared to do anything further to help. I haven't seen evidence that Miss Q arranged for repairs to be carried out to her roof.

The policy terms say any offer of settlement will be based on the amount Fairmead would pay its contractor. So, I don't think it behaved unfairly when basing its offer on its discounted supplier rates.

Miss Q refers to a crack in the kitchen ceiling over the window that has appeared as the property dried out. Also, a problem with the front door sticking, which she says has swollen because of the water ingress. I think it's reasonable for Fairmead to consider these issues as part of Miss Q's claim as they appear to be directly related to the accidental damage cause it agreed to cover. It should include this in the scope of works, whether this is as part of a settlement payment or for its contractors to repair.

I have thought about Miss Q's comments that she has had to live in a house that smells, and that mould has developed because of the water damage. I note that her son intended to return home to stay but hasn't been able to because of the smell in the damaged bedroom. I'm sorry for the disruption Miss Q has been caused, this has clearly been a distressing time for her. But I don't think Fairmead acted unreasonably when trying to validate the claim and establish what it should reasonably cost to carry out the repairs. The repairs were delayed because the underlying cause of the water ingress hasn't been fixed. This isn't Fairmead's responsibility.

Fairmead didn't include all the decorating works that were required in its settlement offer. I note Miss Q was told the overall area included in her quotes needed to be reduced, and she relayed this to her contractors. It's not until the matter was referred to our service that the full cost of decorations was included into the settlement payment. Miss Q was inconvenienced by this and it has added to the distress she felt following the damage caused to her home. To acknowledge this, I think it's fair that Fairmead pays her £150 compensation.

In summary I don't think Fairmead treated Miss Q unfairly when trying to validate the costs quoted by her contractors. It reasonably relied on its policy terms when offering to repair the insured damage or to provide a settlement payment. But I don't think it acted fairly when not including the full cost of decorating the damaged areas.

I said I was intending to uphold the complaint in part and that Fairmead Insurance Limited should:

- arrange for its contractors to complete the repairs to include the cracked kitchen ceiling, the damaged front door and full redecoration of the damaged rooms or provide a settlement payment incorporating these costs; and
- pay £150 compensation to Miss Q for the distress and inconvenience it caused.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Fairmead didn't respond to my provisional decision with any further comments or information.

Miss Q responded with detailed comments describing the circumstances around the time of her claim and the events that occurred. I have read her comments in full, which I have briefly set out below.

Miss Q says Fairmead didn't initially offer to carry out repairs. She refers to conversations and correspondence with it involving the options available to her, and that she wasn't familiar with how the system worked. Miss Q says it was only after she told Fairmead she would refer her complaint to our service that it mentioned carrying out the repairs itself.

Miss Q says Fairmead's contact with her contractors put them off carrying out the work. She also explains her roof has been repaired, but the business didn't ask her if this had been done.

Miss Q says it was never her intention to include work that constituted betterment. She also says she wasn't initially aware of the revised settlement offer for £1,829.89, less the policy excess. Until her complaint had been brought to our service. Miss Q explains she didn't ask for the external repairs to be included in her claim, she queried whether they would be, as she was unfamiliar with how the process worked.

Miss Q says Fairmead wanted a breakdown of costs from her contractors. She says this isn't what it had originally asked for. She also says she can't now access emails via Fairmead's system to support her complaint.

Miss Q says the work Fairmead questioned, including the skirting boards was confirmed by her builders as something that was required. She says she can't see how the window boxing work could be avoided.

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.

Miss Q has provided a detailed response commenting on each section of my provisional decision. I have carefully considered all of her comments and re-reviewed the evidence and testimony supplied by both parties. I've considered everything Miss Q's said but I won't be responding in similar detail. So, if I don't mention a particular point it isn't because I haven't seen or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy, it is just a reflection of the informal nature of our service.

I acknowledge Miss Q's comments that Fairmead didn't offer to carry out the repairs until later into her claim. In my provisional decision I said it hadn't been confirmed that she'd arranged for repairs to the roof to be carried out. I note what she says about this work having been completed, and that she had, "*of course*" arranged for this to happen. But I don't think this was made clear to Fairmead or to our service.

I understand Miss Q is frustrated with how her claim was handled. As I said in my provisional decision this was clearly a very upsetting time for her. But I don't think she's shown that Fairmead acted unfairly. It couldn't arrange for repairs to the internal parts of her home whilst it understood there were ongoing issues with the roof allowing water ingress.

I acknowledge Miss Q thinks Fairmead's surveyor hassled her contractor about the detail of the repair work, which resulted in his decision to stop communicating. I understand the point she is making. But Fairmead had valid reason to ask for a more detailed breakdown given the costing for the work differed significantly from the work its surveyor had scoped out. I haven't seen evidence that the business acted inappropriately here.

I don't dispute Miss Q's comments that she didn't intend for any betterment work to be included in her claim. I acknowledge her description of the refurbishment her home had undergone prior to the water damage occurring. And that it was, "*looking lovely*". By no means am I suggesting Miss Q intended to gain more from her claim than was covered by the policy. In my provisional decision I commented that Fairmead identified some of the repair work included in the quote Miss Q provided hadn't been included in its surveyor's scope of works. I don't think it's unreasonable for an insurer to want to validate repair costs to ensure it only pays for the work covered by its policy. I think this is what happened here.

I note Miss Q's concerns that Fairmead's surveyor didn't include all the necessary repairs in its scope of works. She specifically talks about boxing work required around the window. In my provisional decision I said Fairmead should consider the issue with the crack in the kitchen ceiling and the kitchen door sticking, as these appear to be related to the accidental damage cause Fairmead had agreed to cover. I have considered what Miss Q has said, but I'm not persuaded from this that I need to change my decision.

In summary, I'm sorry for the upset Miss Q has felt through the process of making her claim. But having considered her further comments in detail, I'm not persuaded that I need to change my decision, which I think represents a fair outcome in these circumstances.

My final decision

For the reasons I've explained above, and in my provisional decision, I uphold Miss Q's complaint in part. Fairmead Insurance Limited should:

- arrange for its contractors to complete the repairs to include the cracked kitchen ceiling, the damaged front door, and full redecoration of the damaged rooms, or provide a settlement payment incorporating these costs; and
- pay £150 compensation to Miss Q for the distress and inconvenience it caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss Q to accept or reject my decision before 21 October 2022.

Mike Waldron
Ombudsman