

The complaint

Mr G complains about his home insurer, AA Underwriting Insurance Company Limited (AA) about poor repairs and poor service following his claim for damage to his home from a fire. References to AA include its claims' handler, 'T' and its contractors.

What happened

I set out the background to the complaint within my provisional decision and also here.

'In June 2019 a fire from next door extensively damaged Mr G's home and he claimed to AA. Mr G and his wife moved into alternative accommodation. AA appointed T to manage the claim and subsequently the complaint, and T appointed a surveyor for an initial inspection and contractors for the repairs. Mr G said T provided a timetable of work, but not a schedule of the work, showing completion of all internal and external repairs by early January 2020.

The repairs weren't finished when T met Mr G in January 2020. Mr G said T initially reneged on a promise to appoint a structural engineer to assess damage to the side wall and used contractors to carry out repairs. Following an attempted repair, T appointed an engineer and sent Mr G his report in February 2020 and carried out repairs to the wall accordingly. Mr G said T reluctantly acknowledged that the ceiling didn't comply with building regulations and this led to movement in the wall of the shower cubicle and the door not closing.

Mr G said T promised to issue certificates covering the rebuild of the side wall and confirm that its surveyor inspected the contractors' work to ensure it conformed to regulations. T told Mr G in March 2020 all internal works had been completed with some external cracks to be fixed, and so the house was habitable. T suggested that Mr G inspect the completed works and said the property was no longer under T's control. Mr G rejected the handover and said his house wasn't habitable and T hadn't visited since January and moving back would be contrary to covid restrictions. He complained to AA in March 2020 saying scaffolding made it impossible to open windows and doors which served as emergency exits and they required painting and curtains. He said the heating was untested and there was outstanding electrical, cabling, and plumbing works and floorboards to be lifted. He said it was wrong of T to say he should have new carpeting laid before this outstanding work had been completed.

T said it emailed Mr G in June 2020 about handover of his home and Mr G requested this be delayed until after a site meeting in early July. Mr G prepared a snagging list and said all issues were to be rectified by the end of July, but seven months later only one was resolved.

Mr G said the status of the kitchen appliances, kitchen floor and bathroom basin surround weren't known, and AA hadn't provided the contractor's reports. He said it had failed to clean the kitchen floor and hadn't inspected the underfloor heating as agreed. Mr G said despite its agreement, AA hadn't spent the money to bring his home back to its pre-damaged condition.

Mr G remained concerned about safety issues at his home and unfinished work and said he never returned home. His concerns continued and T appointed an independent surveyor in May 2021 to inspect the repairs and remaining damage. The surveyor's report was shared with Mr G and stated that the render finish to the external wall was poor and would need to

be re-done, but that the normal certificate of structural adequacy had been provided to Mr G.

He said work to the left side of the chimney was required and the stud wall and door to the shower needed to be re-fitted. He said a new kitchen floor was required and redecoration of the conservatory. He said the gutters needed to be re-fitted and locks adjusted.

The surveyor noted that a gas engineer had resolved the issue of the gas supply. But wiring needed to be finished and the wardrobe laminate needed to be replaced and bathroom shelves re-fitted. He said smoke detectors need to be installed. The surveyor also reported on snagging issues concerning poor repairs or decoration. He concluded that a better finish was needed, and parts of the work were incomplete. He recommended that these be addressed as described, 'and as soon as possible'.

In June and July 2021 T wanted to address the surveyor's recommendations and timeline by a site meeting with Mr G. Mr G rejected this referring T to his requests for a written work plan. On 30 July 2021 T wrote to Mr G saying its contractor had renewed the leaking part of the roof. It agreed to repair the shower door and gutters. It said due to pre-existing damage to the kitchen floor it would pay half the cost of repair and would review the damage to the conservatory. T provided Mr G with PAT test reports for his appliances. It agreed to carry out almost all of the snagging recommendations outlined by the surveyor and again suggested a site meeting. Mr G rejected the offer of a meeting and sold his home in August 2021.

In response to Mr G's complaint, T said its contractors intended to prepare a scope of works, but the complexity meant they compiled a base-line scope to be updated during the claim. T paid Mr G for six months alternative accommodation and beyond to allow completion of the repairs. It said the external rendering and decorating had to await removal of the neighbour's scaffolding as this prevented access. T said following Mr G's complaint it arranged an independent surveyor and after an unavoidable delay forwarded his report to Mr G.

T agreed with Mr G that aspects of the work should have been finished to a higher standard, in line with the surveyor's report. But others weren't its responsibility and it suggested a site visit to resolve these. T said Mr G seeks accommodation costs from March 2020 but none of the issues he's raised would justify alternative accommodation from June 2020. T apologised for delays during the snagging works and offered Mr G £350 compensation.

Mr G was dissatisfied with this and referred his complaint to our service. He said he's sent countless emails trying to get problems resolved, without response, and T had said their home was habitable despite no one visiting since January 2020. Mr G didn't move back in after the site meeting in July 2020 but listed items that required work. He said AA responded to some of these in August and snagging work continued. Mr G said he was concerned that he wouldn't be able to obtain insurance cover in future due to his claim.

Mr G put his home up for sale in March 2021 and sold it in August 2021. He said this was at a loss in excess of £100,000 which is AA's responsibility because of the poor condition of the repairs. He said he sent his expenses for alternative accommodation of £25,444 to AA but they were ignored even though this was less than he'd incurred. Mr G said AA and its agents had treated him with complete derision as exemplified by its offer of £350 compensation.

Our investigator recommended the complaint be upheld in part. He said £350 compensation was fair for the delays during the snagging works. But the independent surveyor had found unacceptable repair work, and Mr G had raised the issues several times and so AA should pay £500 more compensation. He said he couldn't ask AA to pay the difference in sale price of Mr G's home as there's nothing to show the value of the house with or without the repairs.

The investigator said he wouldn't ask AA to pay for alternative accommodation beyond June

2020 as the property was habitable then although some snagging work remained. He said the policy states AA will only pay costs it has agreed in advance and it hadn't agreed to pay the further accommodation expenses Mr G claimed. He said AA should reimburse Mr G for the cost of the utilities while he was away. And he provided a breakdown of the costs of the claim and confirmation from AA that it recognised Mr G wasn't at fault for the fire.

Mr G disagreed with the investigator saying he hadn't mentioned important facts and got others wrong. He said there's no mention that T didn't visit between January and March 2020 or that the central heating didn't work and this with the blocked exits was a health and safety issue. He said there's no mention of T's failure to replace the kitchen floor or to deal with damage to the stud wall in the ensuite bathroom making the shower unusable.

Mr G said the investigator didn't mention T's 'deliberate deceit' about the appointment of a structural engineer and the initial repair of the side wall. And its lies about replacing the kitchen floor and checking and signing off the builder's work before attempting handover. He said T reneged on paying accommodation allowance until the property was finished and reimbursing utility bills while T was in possession of the house. He said his claim for utility bills submitted in May 2021 hasn't been paid beyond electricity costs up to August 2019. Mr G said the site meeting in July 2020 wasn't a handover meeting, but to deal with outstanding issues. He said T committed to address all issues by the end of July 2020, but didn't. Mr G said that there was no completion plan following the independent surveyor report in May 2021 only more procrastination and attempted avoidance of responsibilities.

Mr G said he wanted to see the investigator's proof for deciding the house was habitable in June 2020 and said the gas supply and central heating were faulty until December 2020. Mr G said they didn't go back into the property as the investigator had suggested. Mr G agreed it's impossible to prove the loss from selling his house but said it's possible to estimate the cost of the surveyor's recommendations as the basis of compensation, as this had a direct impact on the sale price. He requested a document from AA confirming the total claim amount and that the fire was not his fault. He said he'd had to pay council tax at £297 per month while T delayed matters and so the £500 compensation is unrepresentative of the costs incurred. Mr G said T's appalling customer service was damaging to their health and wellbeing and his primary reason for coming to our service was so that we could take measures to ensure that AA never again treat a policyholder so badly.

Our investigator said that as Mr G no longer owns the property there's no need to highlight the surveyor's report and he could compensate for AA's errors, including the kitchen floor, rather than asking it to carry out further works. He said he'd tried to point out that Mr G was advised to return home after the issue with the gas pressure had been dealt with. The investigator said he hadn't only mentioned covid as the reason Mr G hadn't wanted to return but quoted an email from Mr G expressing concerns about this.

Mr G said it was nine months after T tried to hand over the property that it resolved the gas pressure, and certification took longer holding up the sale. He said the investigator had ignored health and safety issues such as scaffolding blocking escape routes: the damaged the back door lock making it very difficult to open, and smoke detectors not replaced. He said this was compounded by the lack of heating and hot water, and workmen on site daily into summer 2020, and no one checking standards or safety aspects of the work.

Mr G said they couldn't risk returning home in its state and asked how an insurer could be allowed to handover a property by email without a visit or discussion. He asked how much of the investigator's compensation concerned replacement of the kitchen floor. He described the work involved and said T's cleaners concluded it wasn't recoverable. He said most of the work recommended by the surveyor would cost more than the £850 compensation. Mr G said T's failure to complete the rebuild in January 2020 left them with hard options, including

a potentially indefinite wait while continuing to pay running costs, or Mr G paying for the work. Mr G said they chose to sell their home at a much reduced price, but the investigator had penalised them for this even though T had failed to address the issues.

Mr G said he made many compromises on minor issues but wasn't informed on major issues and T always chose the cheapest option. He said the investigator was wrong the gas service and safety issues were resolved before March 2020 and this affected what T owes him.'

What I provisionally decided – and the parties' responses

Mr G said his primary reason for complaining is to ensure that AA doesn't treat policyholders so badly in future. He asked about monitoring Financial Conduct Authority (FCA) regulations and I said these are the FCA's responsibility as regulator of financial businesses and only the FCA can punish businesses. Our role is to assess the merits of a complaint. We exchange information with the FCA and it's open to consumers to bring concerns about regulatory matters, but not complaints to the FCA.

Mr G doubted we had been provided with the full files. We require businesses to send us all relevant information to a complaint and we ask consumers to do likewise.

Claim handling

I was sorry to see how this difficult claim took up so much of Mr G's time and increased the stress he and his wife suffered from the fire. The claim involved multiple parties and required him to spend a great deal of time dealing with the issues. The effect of the covid pandemic and the restrictions also slowed down the repair work, property inspections and restricted the availability of materials. There were huge problems with the claim but some of these were unavoidable. Mr G was unwilling to return home under these and other conditions.

I said my role is to determine if AA and its agents caused avoidable delays and stress. Mr G actively pursued his claim and raised detailed questions. He expressed concerns from the start and said he didn't receive a full scope of work. The scope of works dated 31 July 2019 estimated completion at the end of 2019. I thought this was just an unrealistic estimate, but it was reasonable for the claim to have been finalised by August 2021 when he sold his home.

T said the scope of works would develop as the claim progressed, and I think this was reasonable. The scope was subsequently revised, including in January 2020.

I didn't know how long the repairs should have taken and so I had to rely on the expert information available to see if AA acted reasonably. I found many instances during the course of the claim where Mr G had to repeat questions about the work and reports due to a lack of response, which caused him unnecessary frustration.

T provided its '*key matters to be addressed*' list in early July 2020 showing completion of tasks by 31 July. This bold commitment was way off target and Mr G emailed many times about the outstanding work. T apologised for delays but also told us, '*the works were completed within a justifiable and practical timeframe*'. It's clear that delays with the snagging works were only part of the problem. Delays arose earlier from poor work, particularly to the structure of the damaged wall and to the guttering, and other repairs.

Communications between the parties became increasingly strained as progress slowed in 2020, with disagreements about the work. Mr G sent a list of outstanding issues but said they were largely incomplete by the start of 2021, and he brought his complaint to us and put his house up for sale. T appointed an independent surveyor in May 2021, which I thought was a reasonable approach to resolving disagreements. The report showed that the works carried out at that point weren't to an acceptable standard and a snagging list remained.

Mr G said T didn't respond to the surveyor's findings. It took T a month to send the report but then tried to arrange a meeting with Mr G, but he preferred a written response. T sent this on 30 July, saying what it would and wouldn't cover quite clearly, but not addressing utility and accommodation costs. Mr G responded on 3 August with his concerns. AA said the repairs weren't agreed and no timing was set. Given he was due to complete the sale of his home very soon, I wasn't sure repairs were still important to him, other than for reimbursement of losses. I didn't think AA was responsible for delays between June and August 2021.

I said T's surveyor was involved in Mr G's claim and I thought there was more assurance of the works than he was aware. But it wasn't clear to me if T's surveyor attended and checked the work as promised in August 2020.

In response to Mr G's comment that after the upstairs ceiling heights were found to be incorrect other work was sacrificed, I said it's normal practice for insurers to obtain repairs at the lowest available cost, but I hadn't found that the costs of Mr G's claim were reduced in the light of errors, and this is borne out by the costs of the claim.

I found that T hadn't given Mr G accurate information about the remedial work to his kitchen floor. Much time was lost awaiting T's final offer to meet half the costs, which acknowledged pre-existing damage, and I hadn't seen any evidence to contradict this.

Mr G said he was lied to by T about the major works at his home. I thought problems came from poor planning and poor briefing of contractors and lack of overall management of the claim. I said the work should have been progressed with more speed and its dragging on has caused Mr G unnecessary inconvenience and frustration.

I thought compensation of £1,500 reflected the substantial distress and inconvenience Mr G was caused by AA and its agents throughout the claim. This supersedes the £850 recommended by the investigator. Mr G said no amount of compensation would recompense them for the three years of misery AA and T had put them through. But he and AA agreed to the compensation of £1,500.

The repairs

I said it took T seven months to appoint a structural engineer to report on Mr G's wall and the repairs weren't initially carried out properly. The independent surveyor said, *'the standard and finish throughout is not to an acceptable standard and there are elements that remain incomplete'*. He didn't say the house was uninhabitable or that there were health and safety issues, but he set out the issues to be resolved in order to conclude the claim.

Mr G said he was surprised I accepted T's excuse for not providing a full scope of works with costings. He recognised that this was a complex rebuild and that new issues would come to light, but thought it can hardly be unique in that respect. He was surprised I hadn't properly considered the damage to his side wall and the impact of this on his claim.

I said some of Mr G's issues aren't relevant any longer as he has sold his home, though he's still angry about them, e.g., the delayed appointment of a structural engineer, the problem with the ceiling heights and certificates for electrical, gas, plumbing and appliances and guttering leaks. I included consideration of these issues within my assessment of the distress and inconvenience he suffered and the compensation that reflects this.

Alternative accommodation

In March 2020 T said that Mr G could return home and it stopped paying his alternative accommodation. Mr G refused to return saying his home was still a building site and uninhabitable and mentioned the covid restrictions. He said handover was attempted by

email without any of the work having been checked as promised by T. Mr G said his home wasn't habitable until the end of 2020 when a safe gas supply was reconnected

I said Mr G's policy states AA will only repay, '*the costs we have agreed in advance for your alternative accommodation*'. And that AA is liable to pay for alternative accommodation while the property '*cannot be lived in*'. This isn't defined, and we would consider a property uninhabitable if there's no kitchen, bathroom, or toilet facilities, or if it's unsafe to be lived in.

I pointed out that living in a property with snagging issues and poor repairs is very different from being in an uninhabitable property. Mr G said the gas and central heating were faulty until December 2020 and there were other problems. I thought the gas supply could have been resolved at any time Mr G was in occupation. There were emergency exits available though some were blocked, and battery smoke alarms could be obtained.

Mr G stayed away until he sold his house. I thought this was justifiable in March, but that his home was 'habitable' from July 2020. Workmen were no longer required on site every day, and appliances were tested, and other electrical and carpentry work had been progressed. Mr G said the July meeting wasn't described as a handover meeting, but I saw T's email to him on 17 June 2020 which starts, '*In respect of the handover of your property*' and then makes arrangements for the meeting.

I noted that T requested sight of Mr G's costs in October 2020, but gave no response to Mr G's provision of these in May 2021. I realise there was no agreement for additional costs, but I thought the fair outcome would be for AA to pay for Mr G's alternative accommodation up to and including all of July 2020, within the policy limit and including interest.

Mr G agreed my recommended redress. T thought 'habitable' should be defined according to the policyholder's circumstances, such as if they have a young family or a vulnerable family member. T said in February 2020 it had tested the appliances and carried out a gas safety check to the boiler, so there were cooking facilities, hot water and central heating. And only some external works were outstanding, which would not have prevented a return home.

T said the independent surveyor's report outlined a number of snagging issues but didn't outline any essential facilities that weren't working that would have prevented Mr G's return.

Utility costs

I thought T had been unreasonable about the energy costs as Mr G's stayed away and so the bills were entirely due to the workmen and should be met as the costs of the claim until he sold his home. AA confirmed that it didn't pay Mr G any disturbance allowance while he and his wife were out of their home as it said there was no provision for this in his policy.

As to council tax I thought this, and any other ongoing house costs previously accepted by AA should be paid up to the end of July 2020 when I thought Mr G could have returned home. I asked Mr G to say if his local authority had relieved him of council tax.

Mr G explained that his local authority wouldn't relieve him of council tax while his home was unoccupied. He attached an email of 28 August 2020 from T including a promise to pay utility bills together with a statement that handover still needs to be agreed.

T said AA paid £2,700 per month rent, £286 council tax and £112 utilities at Mr G's rental property (totalling £1,630 for utilities) and wouldn't also cover these costs for Mr G's home. T said Mr G would have to pay either for the rental or the insured property utility costs.

Sale price of Mr G's home

Mr G's policy states that it doesn't cover him for, '*Any fall in market value as a result of*

repairs or reinstatement'. I looked at whether this gave Mr G a fair outcome. I thought the policy exclusion for claims of loss of value wouldn't be fair if repairs hadn't been carried out, but AA has overseen a great deal of expensive work.

Mr G said only one of the surveyor's 28 recommendations was carried out when he sold his home, leaving him to choose between uncertain delay or paying for repairs himself. And he said he sold his home at a loss of more than £100,000. Mr G accepts there are many factors in the value of a sale, but said he should be compensated for the cost of the outstanding repairs. I concluded I couldn't fairly say that a loss of value was a direct result of the repairs.

I wasn't sure Mr G had any intention of returning before he sold his home, but I understood how the claim would have encouraged him to move. Mr G said he sold his home without floor and window coverings and unfurnished. I appreciated this would affect the value, but said Mr G had a separate claim with his contents' insurer and may have received payment for these. In any event, having considered the outstanding tasks when Mr G put his house up for sale, I thought he could have safely put in floor and window coverings. I asked Mr G if he had passed the surveyor's report and T's commitments about repairs to his purchaser.

Mr G said any suggestion AA's requirement to rectify issues identified by the independent surveyor may have continued after he sold his home was ridiculous. He said AA should pay a fair estimate of the costs to complete the work as recompense for the loss of value. He realised that any assessment of the costs would be subjective, but it should be clear to any fair-minded person that a long list of significant issues would impact the value of his home.

In respect of the kitchen floor Mr G said this significantly impacted on the sale value of his home. AA said it hasn't paid its half share as Mr G hasn't agreed the offer. I thought AA should send an estimate for the kitchen floor replacement and pay half of this to Mr G. T agreed, but Mr G didn't agree or accept that AA wouldn't have to meet the cost of the remaining items from the independent surveyor's report.

Mr G said the kitchen floor was installed by the previous owner before 2008 and protective action prevented marking before the fire. He said T never mentioned pre-existing damage affecting what it would pay, and hadn't provided the reports on the floor. He said any scratching would have been caused either by falling debris or by careless workmen on site. Mr G asked why he was being challenged on the kitchen floor and provided photos after the fire. He asked about evidence of pre-existing damage and said this was a lie made up by T after the specialist company inspected the floor and advised that it would not clean up.

Conclusion

I said AA should have ensured Mr G received prompt and effective customer service, whereas he received very poor service due to a lack of effective oversight and momentum behind his claim. This caused him unwarranted stress and anxiety.

I provisionally decided that AA should pay Mr G £1,500 for distress and inconvenience, less any payment it has already made. And reimburse his costs of alternative accommodation from 31 March 2020, to 31 July 2020 as well as council tax and other costs accepted for the previous period. And pay his utility gas costs for the duration of the claim up to 26 August 2021, less any amount already paid.

I thought Mr G's request for a statement from AA that it did not consider that he was responsible in any way for the fire is reasonable, and this should be provided on letter headed notepaper.

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.

Claim handling

I remain of the view that the claim was heavily delayed and characterised by poor or often no communication from T. The evidence shows that AA and its agents provided very poor service to Mr G due to a lack of effective oversight and momentum behind his claim. I agree with Mr G's own conclusion that AA failed to adequately monitor the way T handled the claim and T in turn failed to adequately monitor and supervise the work of their contractor.

I'm pleased AA has agreed to the compensation of £1,500 compensation that I put forward to reflect the unwarranted stress and anxiety Mr G was caused. I appreciate Mr G's comment there's no amount of compensation for the stress and misery he and his wife were put through. He said the trauma of the fire and all that they lost was nothing compared to that of dealing with his insurers, but said he would accept this award.

The repairs

I think the provisional findings I set out above about the repairs remain relevant. Mr G also pointed out that T and their contractor refused to come back to the property and rectify the leaking roof even though this was identified by the independent surveyor. I think this was poor service and I included this within my consideration of the compensation.

I disagree with Mr G that I haven't properly assessed the point he's made about the significant damage to his side wall. I said it took T seven months to appoint a structural engineer to examine and report on the wall and the repairs weren't initially carried out to an acceptable standard. This was far too long, and I have included these failures in the claim in my assessment of the compensation payable to Mr G for his distress and inconvenience.

Mr G said he was surprised I accepted T's excuse for not providing a full scope of works with costings. I think that T provided a reasonable schedule with as much information as was available. Insurance companies don't generally provide costings as this is commercially sensitive information.

Alternative accommodation

Mr G agreed my recommended redress for his accommodation costs, but T did not.

I note T's comments about the state of Mr G's home at the point it felt he could return. I note repairs were carried out at the start of 2020, but I have a different view as to what was habitable concerning the outstanding repairs and the daily disruption to Mr G's family life. I haven't seen evidence to contradict my suggestion that the point of habitability (undefined in the policy) was arrived at from the end of July 2020. I know that this was also affected by the covid restrictions and Mr G's unwillingness to return, but he was promised that a surveyor would approve the repairs and a plan for the remaining work would be set out.

Having considered T's comments about habitability I remain of the view that a fair assessment of the state of Mr G's home means it was reasonable for him to return at the end of July 2020 following the 'handover' meeting. This means AA should pay Mr G's accommodation costs to the end of July 2020.

Utility costs

Mr G agreed my recommended redress for his utility costs, but T did not. Mr G said T had covered the council tax while the house was uninhabitable within the agreed accommodation allowance of £3,100 per month.

T said it's unreasonable to pay all of this up to when Mr G sold his home in August 2021. I agree, and in my provisional decision I said, *'I think the fair outcome is for AA to pay for Mr G's alternative accommodation up to and including all of July 2020.'* It was only the utility costs which I said should be paid until Mr G sold his home as he never returned and so all costs must be to do with AA's agents work at the property.

I remain of the view that it is reasonable for AA to repay Mr G for the council tax until 31 July 2020 and utility costs until Mr G sold his home in August 2021.

Sale value of Mr G's home

Mr G wants an estimate of costs to finish the work from the independent surveyor's report as recompense for loss of his home's value saying the impact would be clear to anyone. I agree in part, but note that most of the significant repairs had been concluded. Mr G spent a lot of money on alternative accommodation etc, without much sign of reimbursement, and chose not to return home when the house became habitable. I asked if he felt compelled to move to a new house before the delayed repairs were completed, but he didn't respond on this.

I asked Mr G to explain the date at which the work on the floorboards etc was completed as he said this affected the sale value. In his email of 24 June 2021 to T he said, *'Between March and late December 2020, there were problems with the electricity and cabling that required floorboards to be lifted, the heating wouldn't work, painters and decorators were working inside and outside including on the windows which meant we could not lay carpets or fit blinds.'* But lately he said this work hadn't been completed in March 2021 when he put the house up for sale. I also said to Mr G that it would help to see the communication he sent his purchaser about these issues. Mr G hasn't responded on these points.

I haven't seen anything to show that Mr G had to sell his home when he did and as I said in my provisional decision, I think he could have restored his home further before sale. I remain of the view that the exclusion in Mr G's policy for claims of loss of value would be unfair if repairs hadn't been carried out, but AA has paid for a great deal of expensive work. Furthermore I can't fairly say that a loss of value was a direct result of the outstanding repairs. As a consequence, I think it is reasonable for AA to rely on the exclusion clause and not make a payment towards any loss in sale value of Mr G's home.

Mr G said AA should meet the full cost of replacing the kitchen floor. He said it was installed by the previous owner before 2008, but had been protected since then. And T never said there was pre-existing damage that would affect the amount it would pay to replace it. Mr G provided photos of the kitchen floor after the fire and said they don't have any before the fire. He asked why he was being challenged on the kitchen floor and what photos T has that there was damage before the fire. I asked Mr G for more information about the kitchen floor because he challenged my recommendation of a 50% payment of repair costs by AA.

The independent surveyor didn't report definitively about the state of the kitchen floor and T's cleaners thought there was pre-existing damage. I accept the floor would have been damaged by the water and collapse of the ceiling and that Mr G can't evidence the condition pre-loss. However, the policy entitles AA to reduce payment of damaged items according to wear and tear as well as pre-existing damage and that is likely to apply to a floor of the age of Mr G's despite the protection he has described.

Having reconsidered the available information I remain of the view that a 50% payment from AA represents a fair and reasonable resolution. I will expect T to provide a Schedule of Work costed to normal rates so that its contribution can be calculated fairly.

Putting things right

I remain of the view that AA should have ensured Mr G received prompt and effective customer service, whereas he received very poor service due to a lack of effective oversight and momentum behind his claim. This caused him unwarranted stress and anxiety and AA should pay the compensation outlined in this decision.

I think it's reasonable for AA to write to Mr G to say it does not consider he was responsible in any way for the fire at his home. This should be provided on letter headed notepaper.

My final decision

For the reasons I have given here and in my provisional decision it is my final decision that the complaint is upheld. I require AA Underwriting Insurance Company Limited to pay Mr G:

- £1,500 compensation for the distress and inconvenience it has caused him, less any payment of compensation already made:
- reimbursement of costs of alternative accommodation, including council tax bills from 1 April 2020 up to 31 July 2020:
- reimbursement of his utility bills up to 26 August 2021 on production of evidence of amount and payment:
- half of the cost of the reasonable estimate of the repair of the kitchen floor to its previous standard.

AA Underwriting Insurance Company Limited should add interest* at 8% simple to the reimbursement payments to Mr G for the costs he has already incurred for alternative accommodation, from the 31 July 2020 to the date it makes payment. And it should add 8% interest to the reimbursement of his utilities costs from the date he has paid them until the date it makes the payment. Mr G should provide any evidence to the insurer for this purpose.

AA Underwriting Insurance Company Limited must pay these amounts within 30 days of the date of Mr G's acceptance of this decision (if he decides to accept it), or it must add interest at 8% to the amount of each payment for each day beyond this. AA must also provide Mr G with a letter about the cause of his claim as described above.

*If AA considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr G how much it's taken off. It should also give Mr G a tax deduction certificate if he asks for one, so he can reclaim the tax from HMRC if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 31 October 2022.

Andrew Fraser
Ombudsman