

## **The complaint**

Mr and Mrs S complain about inadequate compensation from their home insurer, Fairmead Insurance Limited, trading as Legal & General, for the mismanagement of their claim and poor workmanship. References to Fairmead's agents include professionals and contractors.

## **What happened**

In June 2019 Mr and Mrs S contacted Fairmead to report a claim for flood damage to their home following a prolonged period of torrential rainfall. Before it receded, the water caused a significant amount of damage to the basement and ground floor of the property.

Fairmead appointed loss adjusters and a surveyor to manage the claim, and they assessed the damage. Fairmead's contractors completed the basement works, and began repairs to the ground floor in May 2020. Mr and Mrs S said the contractors perforated the underfloor heating in the dining room in July 2020 causing the ceiling below to collapse. Fairmead said its contractors would fix the underfloor heating and flooring. But when they hadn't returned by mid-April 2021, Mr and Mrs S complained. The contractors returned later that month and belatedly provided a schedule of work, and completed this a week behind the new schedule.

Fairmead apologised to Mr and Mrs S for poor service including lack of communication from its surveyor and that some repairs were below standard and delayed. It said this would have exacerbated Mr and Mrs S's frustration with the contractor's service as would the requirement for some of the work to be re-done. It offered Mr and Mrs S £1,000 compensation in recognition of their distress and inconvenience.

Mr and Mrs S said Fairmead's agents caused countless problems. They said the attempted repair led to a series of water events through 2021. And said that even after their complaint Fairmead allowed its contractor to continue delaying the repair to suit its other jobs. They said the work schedule was late and missed some of the services. Mr and Mrs S agreed there was an unavoidable delay with an aspect of the floor covering, but said there was no excuse as it was the second time it had been ordered. They said that from January 2021 until the start of May they had no heating, and no furniture and had to rearrange their lives.

Mr and Mrs S said that Fairmead not having competent professionals or the ability to control them led to 15 months additional disruption after the work should have completed. They said they were without electricity at times when contractors didn't return to resolve issues. Mr and Mrs S declined to be relocated as they didn't trust the contractors to be left unmonitored and said this saved Fairmead about £100,000. They said they adjusted work around contractors to reduce staff wages and should have claimed for unpaid time as they are self-employed.

Mr and Mrs S said the repeated upheaval in their home led them to having their dog put down due to his uncontrollable anxiety. They said they have nearly 200 emails pertaining to issues with Fairmead's contractors. And said the compensation 'is incommensurate' to what they have been subjected to. Mr and Mrs S referred their complaint to our service.

Our investigator recommended that the complaint be upheld and increased compensation of £1,500 be paid. He said there were several avoidable delays, poor time management and

appointments missed, and Mr and Mrs S had to endure heating and electrical problems during the claim that could have been resolved much more quickly.

Fairmead accepted this outcome, but Mr and Mrs S didn't. They said Fairmead allowed a delay of four months during which they couldn't use their heating. It should have directed its agents to immediately address their errors with the leaks, or appointed another contractor to do the work. They said no alternative form of heating was offered, and their furniture and possessions which had previously been returned were once again removed to storage. Mr and Mrs S said that absolutely no deliberation was given to their working with Fairmead's loss adjuster to minimise accommodation costs and their employee salaries. They described the offer of compensation 'is derisive' and requested an ombudsman review their complaint.

### **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.

I'm pleased that the repairs in relation to Mr and Mrs S's claim have been completed, but sad for them that this took so long and caused them so much distress and inconvenience. Mr and Mrs S say that the compensation offered to them doesn't come close to recognising what they have been through.

A degree of frustration and inconvenience is inherent within any claim for significant damage to a home as the repair issues will be complex to resolve and involve multiple parties. We expect policyholders to engage with their claims and use their time to assist with their progress and so we wouldn't award compensation for this. Repairs carried out during the covid pandemic also took longer to complete than they would normally do.

I'm sure Mr and Mrs S understand these points and that it follows that our role is to see if there has been unnecessary distress caused and avoidable delays and if so, what the appropriate compensation would be. For this purpose I have looked closely at Fairmead's handling of the claim and the actions of its agents.

Mr and Mrs S said the claim lasted 15 months longer than necessary. From the details of the claim I can see there were delays awaiting contractors and plans, but during some of this time there was work taking place or claim's activity and so I don't think this was just delay.

Having said this, Fairmead has apologised for its inadequate supervision of its contractors and its surveyor. The lack of assistance from the surveyor and the remoteness of Fairmead in overseeing the claim meant that Mr and Mrs S felt that they had to monitor contractors throughout. This was an unnecessary burden on top of the many other unwelcome features of the claim that Mr and Mrs S had to cope with. And they have described the worry and difficulties this caused with lack of furniture and on occasions a lack of power.

One of the major causes of delay was the replacement of the underfloor heating and flooring that the contractor installed and damaged. I agree with Mr and Mrs S that this should have commenced directly after the problem was found, not over four months later. This delay followed the collapse of Mr and Mrs S's ceiling and water penetration in the area. The time taken to reach the initial repair of the heating and flooring was trying enough for Mr and Mrs S, but the further delay must have been exasperating. Fairmead should have required its contractors to return, or employed other contractors to resolve this issue promptly.

Mr and Mrs S point out that they saved Fairmead the cost of alternative accommodation by remaining at their home during the repairs. They acknowledge that this was their choice, whereas they could have relocated. And so although this was hugely inconvenient to them, it

is not a factor that I should consider in terms of fair compensation payable. I was sorry to hear about their pet, but it's possible that relocation might have protected their pet and allowed them to inspect the repairs on a visiting basis whilst staying in a furnished property.

I think it's obvious that Fairmead failed to take proper oversight of the claim, and this allowed persistent delays and very poor or non-existent communication from its agents. Mr and Mrs S spent far more time than should have been necessary emailing and calling to pursue progress and I can see why they felt they had to manage the claim. Mr and Mrs S said the investigator only increased the compensation to £3.33 per day. I don't think an award for distress and inconvenience lends itself to a daily rate as it's about impact on the consumer rather than specific loss and there isn't a formula for calculating this. In any event I haven't found that the period of time that this sum relates to was all delay by Fairmead or its agents, though I can see that Mr and Mrs S had to put normal life on hold for much of this time.

All in all, I think the compensation of £1,500 recommended by the investigator is a fair and reasonable reflection of the substantial distress, upset and inconvenience Mr and Mrs S have suffered as a consequence of the very poor service they received from Fairmead and its agents. This award is consistent with those I have seen for complaints with similar circumstances to Mr and Mrs S's and in line with the guidance we provide on our website. Our award includes recognition of the huge inconvenience caused to Mr and Mrs S in terms of the additional time they have spent on the claim. However, we do not generally award compensation for the loss of potential earnings during a claim unless there is proof of the loss attributable to the claim.

I can see that compensation of £1,500 is a long way short of Mr and Mrs S's expectations. They haven't said what they consider to be a reasonable amount, but I think it's likely to be well outside of the guidance we follow when considering awards, and more akin to damages a court might award. If Mr and Mrs S want to keep the legal route open for their complaint, including for lost income, they can reject this decision and it won't have any legal effect.

### **My final decision**

For the reasons I have given above it is my final decision that the complaint is upheld. If Mr and Mrs S accept this decision, I require Fairmead Insurance Limited to pay Mr and Mrs S compensation of £1,500 for the distress and inconvenience they have been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs S to accept or reject my decision before 23 March 2023.

Andrew Fraser  
**Ombudsman**