

The complaint

Mrs H has complained about her home insurer U K Insurance Limited (UKI) in respect of a claim she made when there was a water leak at her home.

What happened

Mrs H found her laminate flooring was wet. A leak was found on the dishwasher, which had been allowing water into the void beneath the floor, ultimately damaging the flooring throughout a large part of the home. The kitchen units and floor joists were also affected.

UKI's drying company attended the day after the leak was fixed and drying equipment was in place within the fortnight, with some laminate, but not the chipboard under layer, having been removed. The company said it would assess the joists once the kitchen had been removed. That was due to happen in June 2021 and Mrs H cleared the kitchen to allow for that to happen, storing her belongings in the rest of the home. But, following a series of concerns, Mrs H lost faith in UKI's repair contractor. A new company was appointed.

Mrs H was happier with the new company and it was due to start work in mid-August 2021. But its kitchen fitter left. Alternative arrangements had to be made and no fitters were available for work for around two months. And a delay in approving the new costings meant the work wasn't due to start until December. In November, Mrs H found out that the contractor had told UKI it wouldn't be completing the work as it was likely to go into the new year and it was ceasing its work with insurers at the end of December 2021. Mrs H called UKI.

UKI said it could only reappoint the initial contractor, or offer a cash settlement. By this time Mrs H had appointed a firm of loss assessors. They put costs forward and negotiations began to settle the claim. Mrs H wanted UKI to pay the loss assessors direct but it refused to do so. Contractors arranged by the loss assessors began the reinstatement work on 21 February 2022 and completed it on 4 April 2022. Payment was made to Mrs H, in the end, in May 2022.

In the meantime, UKI's second contractor wrote to Mrs H, on three occasions, demanding she pay it money which, it said, UKI's agent (which had sub-contracted it) had refused to pay. Its letters threatened court action. UKI told the contractor to only deal with it and apologised to Mrs H. UKI ultimately reached a settlement with the contractor for the sums in question and Mrs H received no further contact from it.

Mrs H had been unhappy about a number of things throughout the course of the claim. UKI accepted that it had failed her in some respects and offered some compensation, with one proffered sum of £150 being paid into her bank account. But it didn't accept it had been responsible for everything Mrs H was unhappy about, or that it had been entirely responsible for the claim being so delayed.

Our Investigator felt that UKI hadn't offered Mrs H enough compensation. He said a total of £900 was fair and reasonable. He said it should consider a disturbance allowance payment of £15 a day (a rate UKI had agreed during the course of the claim) for the period of

reinstatement works. He said UKI should check that Mrs H had paid her policy excess only once, and if it had been duplicated, provide a refund.

UKI said it wanted to be sure our investigator had taken into account the previous compensation sums offered, and he confirmed he had. UKI said that whilst it had given some agreement for the on-going claim concerns to be considered as part of this complaint, it hadn't intended for us to look at the situation surrounding the demand for money from its second contractor. Our Investigator said he felt its consent was sufficient. And he noted that, in any event, it had known Mrs H had been very unhappy with what had happened and, over a number of months, had been responding to her concerns. So he felt it had been aware of, and responded to, her complaint and consequently this was something we could consider as part of this complaint.

Mrs H said she didn't think that everything which had happened, and which she'd had concerns about, had been fully taken into account. She particularly identified a fall she'd had when the chipboard left in the kitchen gave way, and that she'd suffered panic attacks when receiving the letters from the second contractor. She felt UKI should have done more to prevent the letters being sent.

The complaint was passed to me for an Ombudsman's consideration. I felt a total of £2,500 compensation was fairly and reasonably due. And that some disturbance allowance should also be paid. So I issued a provisional decision, my findings of which were:

"I expect that Mrs H, having read my background above, will think it is light on detail and doesn't, from her perspective, truly reflect what she has been through. But I can assure both parties that I have read and understood everything that has gone on. My background, by its nature, is a summary of key events rather than a record of every issue in question. I'll set out further relevant detail in my findings here. But, with everything that has gone on, I may not refer specifically to every cause for concern. My focus will be on what I see as the key claim activity and any failings of UKI.

Payments to Mrs H

I can understand that Mrs H wanted to have control about monies being paid into her account. But I also understand UKI's position that it had a duty to pay Mrs H monies it accepted were due in relation to the claim and or complaint. And it paying those funds wouldn't affect Mrs H's ability to complain further. In some cases though I'd expect an insurer to listen to its policyholder's concerns and either not make payments into an account, or make arrangements to pay others where requested. And a payment arrangement like that, by itself, wouldn't necessarily hold the insurer liable for related work that was completed. But here I can see that UKI had reasonable concerns about whether industry regulations, despite the mandate Mrs H had signed, precluded it from paying the loss assessor. I don't think UKI did anything wrong in this respect.

Whilst I know Mrs H thinks UKI then caused further delay by needlessly asking for her bank details (when it already had them), I don't think that is what happened. Mrs H's loss assessor asked for her details to pass on to UKI. But UKI pointed out to the assessor that it had not asked for them, that it already had them. I think the assessor had, not unreasonably, assumed this was data UKI would need. I don't think UKI instigated this request. It follows that I don't think it caused a delay in payment or was responsible for any frustration Mrs H felt at this time.

Living at the property

Mrs H chose to stay in her home. But when a policyholder does so an insurer will often pay a disturbance allowance. Not always just for the period of works, but whilst the home is disrupted too. This is separate to any compensation paid for living with the inconvenience. It is paid in respect of extra costs that likely arise on account of the disruption.

Here UKI agreed to pay Mrs H £15 a day for the period the works were being undertaken. At one stage it reduced that to £10 but then revised it upwards, noting its initially agreed rate. However, UKI never did pay anything to Mrs H. Seemingly another handler took over who hadn't been aware of the initial agreement and didn't think UKI should pay any allowance for the period works were being done because it was not undertaking those works. Although the handler did later say that an allowance could be 'considered'.

I, however, don't think there is anything left to consider about the allowance. The fact that it was not UKI's contractor completing the work makes no difference. The contractor completed work that UKI accepted under the claim and which it had already previously accepted would create a situation where it reasonably needed to pay Mrs H a disturbance allowance. And it is known that works began on 21 February and ended on 4 April – roughly in-line with the period UKI's second contractor expected the work would take. An allowance at UKI's agreed rate of £15 a day for that period would equate to £645.00. And this is a sum I think UKI could, and given its previous agreement should, have paid to Mrs H before works began. So I'm going to award interest on it as well from 21 February 2022 until UKI pays it.*

But I also think that there were times when Mrs H was having to use the kitchen with limited equipment and in an inconvenient and unsatisfactory way. Strictly speaking she did have access to her cooker and other kitchen equipment other than whilst the works were being done. But, certainly in summer 2021, she had entirely packed the kitchen up ready for works to start in June and then August – but that didn't happen. And certainly, by the end of August, the flooring in the kitchen had become treacherous, meaning Mrs H's access of it was even more limited which was resolved with temporary flooring being laid in early September. So I think it's fair to say she likely had extra costs at this time due to having to use her home in this way, although not as much as she likely had during the period of works. But also that, if she had asked to be moved into alternative accommodation, I think UKI would have agreed to that. In the circumstances I think it's only fair that an allowance is given to reflect that Mrs H likely incurred extra costs. I think £300 is a fair and reasonable sum in this respect for UKI to pay.

Progress of the claim

I think the claim went on for longer than it should have done. And that this was largely due to UKI. I think Mrs H had good cause for concern with its first contractor. The straw that ended things was a slightly delayed arrival time for an appointment in June. But there had been issues preceding that, which Mrs H has clearly explained and detailed in her complaint letters to UKI and submissions to this service. I've seen nothing from UKI's project management company in defence of any of that.

Mrs H, quite reasonably in my view, asked for another contractor and UKI agreed. That naturally led to a delay of around two months. But that delay would have been avoided if the claim had been managed better, such as to avoid the loss of faith which occurred with the first contractor.

The start date in August being set back wasn't, in my view, the fault of either party. Seemingly a key tradesman left at short notice and it was difficult to find a replacement. This caused the need for further quotes to be obtained and costs for the work to be resubmitted. There was a substantial lead time now necessary too. But, as I understand it, if costs had been agreed quickly at the end of August, work could have started in late October. As it was

an error in the costings caused a delay and the start date was put back to December, with work scheduled to break for Christmas and complete in the new year. Of course that work then didn't take place at all.

It was UKI's project management company which had put forward the new costings for approval. But, seemingly, the old cost for work wasn't removed before the new cost was added. This meant it looked like the cost for work had increased by around £8,000. It took a little while for the error to be noted, and amendments then had to be made and resubmitted for approval. A simple but avoidable error which, I think, had very substantial consequences.

But for the error with the costings the work could have been done by the second contractors as it would have been due to complete before the end of the year. And it was only work which it had not started or which wouldn't complete before the end of the year, which it chose to withdraw from. Mrs H's claim did not then complete until April 2022. With all of the stress and worry which went with a prolonged claim; not least the wait whilst new costs were approved. I think this error also created the circumstances which led to the situation where UKI's contractor demanded monies from Mrs H. If that contractor had completed the works, which but for the costing error it most likely would have done, then no dispute over payment would have arisen.

Communication

I can see that Mrs H has become very frustrated during the course of the claim with what she perceives as a lack of communication from UKI and its agents. UKI acknowledges that there were multiple people involved in the claim, which slowed communication somewhat, but thinks it was generally good. I'm not persuaded that was the case. Mrs H has detailed times when promised call backs weren't observed, and I've seen at least one email where the claim handler acknowledges that he didn't call as promised. I also note that weekly update calls were agreed at one stage, but this didn't seem to happen.

Furthermore, when a key incident occurred – the second contractor withdrawing from the work – UKI didn't contact Mrs H to tell her and given her options for the claim moving forwards. Rather it completely failed to manage this incident and Mrs H only found out that work wouldn't be going ahead when she called the second contractor about an appointment (which had also, unbeknown to Mrs H, been cancelled). I understand that the poor communication was, in general, frustrating for Mrs H and that UKI's failure to communicate this key claim development, meaning Mrs H found out about it in an entirely uncontrolled and unexpected way, was very upsetting for her.

I also think that the way in which UKI approached some key issues within the claim was somewhat misguided. For example, Mrs H wanted to stay living at home. But in one letter to her UKI said "we may need to make alternative [accommodation] arrangements for you". From my removed perspective I can understand why UKI said this and even understand what it was trying to achieve – it was trying to fulfil its obligations as an insurer which involve caring for its policyholder. But from Mrs H's perspective this, reasonably in my view, came over as pushy and overbearing. Mrs H wasn't left feeling as though UKI was caring for her. I think UKI got the balance and tone of its correspondence wrong at times during this claim, as highlighted by this example. I accept Mrs H was caused upset as a result.

I don't though think UKI was biased against Mrs H. I know she feels she was treated differently, that UKI would have acted differently if she was male and/or younger. But I'm not persuaded that is necessarily the case. Nevertheless, it did get things wrong, which caused Mrs H upset. And it is the upset that is caused for which I award compensation.

Compensation for non-financial loss

So, as can be seen from the details I've set out above, I think UKI, and its agents for whom it is liable, did fail Mrs H during this claim; both by handling it badly and communicating with her poorly. The various problems UKI caused, or failed to avoid, resulted not only in Mrs H being distressed and inconvenience, but also in her falling in the kitchen and suffering panic attacks when letters demanding money were received. And whilst I've seen no medical evidence in these respects, I don't doubt what she has said. I also bear in mind that one attack began whilst Mrs H was on the phone to our investigator not long having received the first letter.

Mrs H also had to live in her disrupted and damaged home for far longer than she should have done. I think it was prolonged by around eight months. And that meant Mrs H couldn't live in and use her home as she otherwise did for that extended period. For a lot of the time, to one extent or another, she had items stored and stacked where they shouldn't be, which also meant that her spare room often couldn't be used to accommodate guests. She had to live with no proper flooring during that time and the kitchen in its emptied/partially emptied state, sometimes with the microwave and kettle in the front room.

I think this has been a very distressing time for Mrs H, to the point where panic attacks were suffered, and that she has been caused significant inconvenience over an unreasonably prolonged period. As I note she also suffered a fall which I accept caused her some short-term discomfort. Overall I think compensation totalling £2,500 is fairly and reasonably due to Mrs H.

However, I must bear in mind that UKI has paid Mrs H £150 compensation already (other sums offered by it and its agent weren't paid and didn't total the amount I've found is fairly and reasonably due). The sum of £150 can reasonably be off-set against my total award.

And I'm also going to off-set the excess amount against the total award. Mrs H's policy requires her to pay the first £450 of any claim. And Mrs H did initially pay this to UKI's second contractor. However, the second contractor later refunded this to Mrs H. When UKI then paid for the reinstatement work undertaken by Mrs H's loss assessor, no deduction was made for the excess amount. So Mrs H's obligation in this respect still remains. Of course, that doesn't diminish or detract from the fact that UKI has failed her during this claim, but those failures also don't mean that Mrs H's obligation to pay the excess is removed. As she has had the benefit of the policy – in that her home was restored – she fairly has to pay the excess the policy requires in that respect. Unless the parties can show me the excess was accounted for elsewhere in the claim, I'm going to allow it to be taken into account against the compensation sum I'm awarding.

I intend to award a total of £2,500 compensation. From that £600 can be deducted – the £150 compensation already paid, plus the £450 excess sum. Meaning UKI will now have to pay Mrs H, if my final decision remains the same and she accepts it within the deadline given, £1,900 compensation."

Mrs H said she had not realised that the excess was still outstanding. And she wanted to be clear that she had not tried to avoid paying this sum.

UKI said the issue and upset caused by the letters from the second contractor should not be considered as part of this complaint. It said it would have liked the opportunity to resolve this matter directly with Mrs H. Otherwise regarding the compensation award it felt it was unfair for me to not deduct the other compensation amounts (totalling £600) it had offered but Mrs H had not accepted, from my award. It said that could mean Mrs H could approach it separately for this amount to also be paid. And it also said it did not think any increase

beyond the compensation it had already offered (for upset caused by issues other than the letters) was warranted. UKI said it otherwise largely agreed with my findings.

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.

Neither party has raised any objection to my awards and comments made regarding the disturbance allowance. So I won't say anything more about that here.

I understand that Mrs H did not realise the excess sum was outstanding. I certainly hadn't meant to suggest that she had tried to avoid paying it. Rather, having spotted in my review that it had not been accounted for, I was explaining how that had come about and why I had to account for it now.

I appreciate that UKI thinks I should not be including the upset in respect of the letters Mrs H received from its contractor within this decision. But I am satisfied that this complaint aspect correctly and clearly falls within my scope of consideration. I'm satisfied that UKI knew – via us and through the contact of others, that Mrs H had a cause for complaint from shortly after she received the first letter on 11 February 2022. Mrs H was extremely upset and facing a potential financial loss because she was being asked for payment. And UKI did act to mitigate the potential for financial loss and further upset being caused by making direct contact with the contractor to resolve its payment demand. And I certainly commend it for that. But what UKI did not do then – even though it had been made clear to it that Mrs H had been caused upset by this matter – was to offer her any compensation for that. It took a couple of months for the situation to be resolved, and it was then another couple of months before our Investigator issued his view which took into account the upset caused by this event. That was more than ample time for UKI to look into how this had affected Mrs H and/or make an offer of compensation to her, if it had wanted to. As such it was appropriate for me to take this issue into consideration as part of my provisional decision, and my findings in respect of it, including my additional comments here, now form part of this my final decision.

I am not deducting the £600 previously offered by UKI from my compensation award because it has not been paid. And I don't think for a minute that Mrs H would accept my decision and then try and get this other sum from UKI. Further, UKI should have noted from my provisional decision that I talked about the 'total' compensation due for all of the upset UKI had caused. So I'm really unsure why UKI would think that Mrs H, if she were minded to *which I am satisfied she is not*, could reasonably seek to ask it for additional but previously offered sums to be paid.

I've reviewed UKI's reasons for thinking its originally offered compensation was fair and reasonable. But those were its views as initially stated and considered by me when I made my provisional decision. UKI will not be surprised to hear that its reiteration of these points has not given me cause to change my mind on the fair and reasonable compensation due to Mrs H, as stated and explained in my provisional findings.

I've considered the replies made to my provisional decision. But my views on the fair and reasonable outcome for this complaint haven't changed. As such my provisional findings, along with those set out here, are the findings of this, my final decision.

Putting things right

I require UKI to pay Mrs H:

- £645 as a disturbance allowance, plus interest* from 21 February 2022 until settlement is made.
- £300 as a disturbance allowance (for a different period).
- £1,900 compensation, where my total award is £2,500 but £600 of that is accounted for by a previous payment and the excess sum.

*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs requires UKI to take off tax from this interest. If asked, it must give Mrs H a certificate showing how much tax it's taken off.

My final decision

I uphold this complaint. I require U K Insurance Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before .

Fiona Robinson
Ombudsman