

The complaint

Miss R has complained about her home insurer Highway Insurance Company Limited regarding a claim she made when she found water damage at her home.

What happened

Miss R noticed that the carpet at her home was wet in July 2021. Highway sent out a leak detection team. It was felt the leak was coming through failed grout and sealant in the shower. But Highway accepted the claim and began drying the property. Miss R wasn't happy with how that progressed and made a complaint. That complaint was brought to our service and was considered by a colleague. Part of Highway's response to that complaint was to appoint a loss adjuster for the remainder of the claim. Highway's response to that first complaint, including assurance that the loss adjuster would manage the claim from that point forwards, including reviewing Miss R's living conditions and any need for her to move out of her home, was dated 17 September 2021.

In September 2021, the house was still being dried – the drying equipment in place hadn't been working. The leak detection company were re-appointed and they still found no leak. Miss R appointed her own contractor and they found a leak on a supply pipe. The leak was fixed and the house was dry by mid-November 2021. Miss R was also in contact with her water authority. The water authority having reviewed Miss R's meter readings, accepted that there had been a leak. The loss adjuster wouldn't agree to Miss R moving out of her home because she still had a functioning kitchen and bathroom.

Miss R complained to Highway – she felt the leak should have been found before and that the previous attempts to dry the property had been futile, causing her upset and disruption for no good purpose. She said the house was damp and mouldy and making her ill. Highway accepted that a leak had now been found. But not that it had been present and missed before. Miss R also told Highway she was unhappy with the loss adjuster. She said he had been rude and unprofessional. Highway accepted that there had been some poor communication from its loss adjuster. In a final response dated 16 December 2021, it offered £200 compensation. Miss R made a further complaint to our service.

Our Investigator wasn't persuaded that a leak had been ongoing in July 2021, which Highway's detection company had missed. He didn't uphold the complaint. Miss R felt that part of her concerns, about the loss adjuster, had been overlooked. And she didn't accept our Investigator's assessment that there had likely not been a leak which had been missed. Her complaint was passed for an Ombudsman's review.

I felt Highway should pay Miss S £500 compensation. But I wasn't persuaded it was most likely that a leak had been in progress in July and September 2021, which Highway's detection company negligently failed to find. My provisional findings were:

"I'll explain at the start that I can't look at how the claim was handled between July and September 2021. That is because that has already been the subject of a previous complaint."

But I can review the key facts as they were known at that time to see if I think anything different should have happened.

I'll also explain here that I think it's by no means clear that there was a leak on-going, on the supply pipe to the ensuite toilet, in July 2021. Certainly the water authority has accepted that this was the case. And there is definitely an increase of usage between 4 March 2020 and 10 March 2021, compared to the year before. But there is nowhere near as much usage between 11 March and 8 October 2021 – the readings show (when averaged out) that for that seven-month period, less was being used each month than each month the year before. I know the ensuite wasn't in use after July 2021, but Miss R still had use of the main bathroom. So I don't think that would have affected her water usage that much – such that her lower usage masked the extra water wasted by an on-going leak. I can't account for the readings showing what they do – but that means I also can't be satisfied that there was mostly likely a leak in play in July 2021 which Highway's detection company failed to diagnose.

Further to that I note that Highway's detection company did carry out checks and tests at each visit. These were documented in its report, accompanied by photos to evidence what was done and found. They show thermal imaging stills which don't seem to show any leak, and also photos of the screen of the acoustic testing machinery, which also don't seem to be flagging any issue for concern. I note that it was another month after the second round of testing when Miss R's detection company ran their tests which resulted in it reporting three leaks on the supply pipe. I also bear in mind that Highway's detection company has shared its view on the materials surrounding the area of one of the leaks (the rest further along the pipe weren't uncovered and the pipe was by-passed). The company said the area didn't look wet enough to account for a long-term leak. I further bear in mind that the tests completed by Highway's detection company showed pooling of water under the shower and that the home was significantly water damaged, necessitating the removal of low-level plaster in three rooms. So whilst I understand Miss R's concern, the available evidence doesn't satisfy me that Highway most likely failed her in the early months of this claim by mis-diagnosing the cause of the damage and missing an on-going leak.

I think Highway did fail Miss R after this though. By then, after its final response was issued in September 2021, Highway knew that Miss R's home was significantly damaged, had been stripped out and required still more drying. Highway also knew Miss R's health was being affected and that she'd taken to sleeping in the kitchen, it being one of the only rooms not affected by the damp still present in the house. Miss R has said the loss adjuster wouldn't agree to her moving out of the home because she still had a working kitchen and bathroom. But he did give her one night's stay in a hotel. Highway has said that it paid Miss R to stay in a hotel for five nights.

Highway hasn't shown me that it paid Miss R to stay in a hotel for five nights during the periods September 2021 to 16 December 2021. But, in any event, I don't think that sufficiently makes up for the upset and discomfort she experienced living in her home, in the condition that it was in, between September and 16 December 2021. It is fair to say that it is only usually when a home loses its basic functions such as cooking, bathing and, sometimes, heating facilities that insurers view a property as uninhabitable, meaning they'll take action to move their policyholder into alternative accommodation. But, given the report of Miss R's health (she's asthmatic), a damp and mouldy property, an on-going extensive drying regime and Miss R having had to sleep in her kitchen, I think Highway should have taken a pragmatic approach and looked to re-house Miss R, at least for the remainder of the drying period. Which I understand completed around mid-November 2021. So I'll take that into account when considering compensation.

I know Miss R has also complained about the conduct of the loss adjuster. I understand that Highway accepts that he could have communicated better. But I think Miss R's concern goes beyond that – she thinks he was rude to her and unprofessional. I haven't seen anything though that makes me think that is the case. I know there was a particular exchange of emails where Miss R felt the adjuster had dismissed her concerns unfairly as he hadn't paid attention to what she'd said. I've seen an internal response from the adjuster about that to Highway. I understand that the adjuster had simply been mistaken whilst trying to answer emails whilst working out of the office. The adjuster should have taken more care when responding to Miss R, but I don't think that his conduct amounts to rudeness or a lack of professionalism. There were other occasions though where Miss R had to chase for replies and that was clearly frustrating for her when her claim had been ongoing for several months, with an extended drying programme having been necessary. I'll bear that in mind when considering compensation.

Overall I think Highway did fail Miss R. As I said above, I think it should have looked to move her out of her home in September 2021, at least until the drying programme was completed. And I think the loss adjuster should have taken more care when responding to her, as well as to do so in a timely manner. I think for the distress and inconvenience Miss R was caused during September 2021 to 16 December 2021, Highway should pay her £500 compensation."

Miss R said she accepted my decision and had nothing further to add. Highway also said it had nothing further to add.

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 Miss R has accepted my decision, and neither party has made any additional comments, there is nothing more for me to review or comment on. Other than to confirm that my provisional findings are now those of this, my final decision.

Putting things right

I require Highway to pay Miss R £500 compensation.

My final decision

I uphold this complaint. I require Highway Insurance Company 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 Miss R to accept or reject my decision before 19 December 2022.

Fiona Robinson
Ombudsman