

The complaint

Mr R is unhappy with the offer Fairmead Insurance Limited has made to settle a claim under his home insurance policy.

What happened

The circumstances of this complaint aren't in dispute, so I'll summarise the main points:

- Mr R said the only toilet at his home became blocked in December 2021. He called a contractor, P, who unblocked the pipe.
- The blockage returned in January 2022. Mr R tried to clear the blockage but, unsuccessful, he contacted P. They cleared the pipe and said it needed replacing as it was broken and was likely to cause further problems. Mr R agreed to have that work carried out soon after.
- Mr R got in touch with Fairmead to make a claim for the cost of removing the blockages and replacing the damaged pipe. This came to around £3,000.
- Fairmead accepted the claim. It's contractor, A, made an offer of around £1,000.
- Mr R didn't think this was a fair offer. He noted the blockages had been urgent to clear and that meant costs were higher, particularly as the first happened on a Sunday. And he had taken steps to minimise the cost by trying to clear blockages himself and contacting several contractors before choosing P.
- Fairmead said it was entitled to limit the claim settlement to the amount it would have paid A to carry out the work. It said A's offer was correct.
- Our investigator thought Fairmead had acted in line with the terms and conditions of the policy and offered a fair settlement.
- Mr R said it would have been impractical to contact Fairmead prior to arranging for the work to be carried out as the situation had been urgent – the only toilet in his house was blocked. And he questioned whether A's offer was based on the full extent of work P had carried out.

My provisional decision

I recently issued a provisional decision in which I said:

The claim has been accepted by Fairmead, so this dispute is solely about how much it would be fair for it to pay to settle the claim.

The policy terms are clear that Fairmead, when settling by cash payment, will not pay more than what it would have paid its contractor to carry out the work. The policy also says Mr R should let Fairmead know about a claim as soon as reasonably possible.

A has estimated its cost at around £1,000 and that's what the cash settlement is based on. In principle, that's consistent with the policy terms. However, Mr R has pointed out that A's estimate isn't like for like with the work carried out by P.

For example, it took P over five hours to fully clear the blockage at its first visit. A's estimate is based on two hours. And whilst Mr R has claimed for the cost of P visiting to clear the second blockage, A hasn't included any cost for this in its offer. It says at the first visit, it would have aimed to clear the blockage and identify any other problems. Mr R notes that P are professionals in the industry, as is he, and with flow restored there appeared to be no further problem. That was only discovered over a month later, when the blockage returned.

I've seen no evidence to suggest P acted unreasonably or unprofessionally, such that it carried out work unnecessarily, took significantly longer than A would have done, or ought to have found the pipe damage sooner.

So whilst it's *possible* A may have been able to carry out the work more quickly or efficiently, I'm not persuaded that's *likely* to be the case. One option for remedying this is to ask Fairmead to have A re-calculate its estimate for all visits based on a like for like assessment of the work carried out by P.

However, Mr R has also questioned whether it would be fair for Fairmead to settle at A's rates when he needed the work carried out urgently. Whilst the policy terms are clear that Fairmead can settle at A's rates in cases where it hasn't had the chance to carry out the work itself, I think that should be balanced against the circumstances involved – and whether Fairmead would have been able to arrange the work in a reasonable amount of time.

If A hadn't been able to attend promptly when Mr R discovered each blockage, he wouldn't have been able to stay at home without a working toilet. Fairmead hasn't said how quickly A would have been able to attend. So it's not clear A would have been able to visit Mr R promptly enough when there were blockages. In these circumstances, I don't think Mr R acted unreasonably by finding a contractor who could visit urgently. That naturally cost more than standard rates.

I haven't seen anything to show A would likely have discovered the damaged pipe sooner than P did. So I think it's likely there would have been two blockages in any event. And as both would have needed urgent attention, I'm not satisfied it would be fair for Mr R to lose out as a result. So I'm persuaded it would be fair for Fairmead to meet these costs in full.

However, once the blockage was removed the second time and the pipe damage was discovered, I don't think there was an urgent need to carry out the replacement work. At the point he knew less urgent work was required, Mr R could have contacted Fairmead and A could have arranged to carry out that work at its own rates. So I'm not persuaded it would be fair to ask Fairmead to deviate from the policy wording in relation to this work.

Overall, the policy is clear Mr R should contact Fairmead as soon as reasonably possible and costs will be limited to what Fairmead would have paid A. However, he was faced with two urgent blockages and took reasonable steps to have them cleared – and I don't think it would be fair in these circumstances to apply the policy terms rigidly.

Taking all of this into account, I'm satisfied the fairest outcome, balancing all the points above, is for Fairmead to settle the claim for £2,000, after deduction of the excess. This is approximately the value of the two blockage clearances at the rates Mr R paid and the pipe replacement at A's rates. And I expect asking A to re-calculate costs on a like for like basis with P would increase its estimate towards this value anyway.

So with fairness and pragmatism in mind, I think settling for £2,000 would be reasonable in all the circumstances. If Fairmead has already paid its initial offer to Mr R, it can deduct that from the £2,000 settlement and pay the remainder.

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.

Mr R responded to say he accepted my provisional decision.

Fairmead didn't respond.

As neither party commented on or challenged any of the findings in my provisional decision, I see no reason to change them or comment on them further.

My final decision

I uphold this complaint and require Fairmead Insurance Limited to pay a total of £2,000 to settle the claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 9 January 2023.

James Neville
Ombudsman