

The complaint

Miss S has complained about her let property insurer U K Insurance Limited (UKI) in response to a landlord emergency claim she made on her policy.

UKI is the underwriter for Miss S's whole policy, even the landlord element. However, UKI uses another company to administer the landlord emergencies section of cover on its behalf. As the administration is done on behalf of UKI, UKI is responsible for that company and any failings by it.

What happened

Miss S was made aware of a problem with the boiler at the property she lets on 18 December 2021. She made a claim to UKI and an engineer attended the next day and found that a part was required. The part was ordered but had an estimated delivery date of 31 December 2021.

On 24 December 2021 a leak was found on the boiler and reported to UKI. An appointment for an engineer to attend was arranged for 26 December 2021, but Miss S sought to rearrange it for 27 December 2021. Some confusion and poor communication then occurred and it was 31 December before an engineer attended to the leak – noting that another new part would be needed and meanwhile the delivery of the original part had been delayed. It was into January 2022 before the new parts were fitted but then a further leak was noted. UKI then decided that it wasn't economical to further repair the boiler.

Miss S was unhappy. She said the month or so without heating or hot water had been very difficult and stressful for her as the landlord, but also for her tenants. Especially with the cold weather. Miss S paid the tenants £350 compensation and asked UKI to reimburse this to her. She also paid for the tenants to have somewhere warm to shower (when they weren't staying at the hotel) and for some electric heaters. She noted that only a few days alternative accommodation had been provided for the tenants and felt there had likely been a shortfall against the policy cover. Miss S noted she would now have to repair the boiler and replace the kitchen worktop – both of which she felt were only necessary due to the delays and poor claim handling of UKI.

UKI accepted that there had been some poor communication and errors during the claim. It said it would offer Miss S £400 compensation and reimburse the costs incurred for the heaters and showering. It noted some misinformation had been given to Miss S about the policy limit for alternative accommodation at one stage. UKI didn't accept that it was liable for the boiler. And regarding the worktop it felt that had been fitted incorrectly in the first place – at the join, which had likely allowed water in. It also felt the join had been open for some time as it had debris in it. So UKI wasn't prepared to contribute to Miss S's cost for replacing the boiler or the worktop.

Following Miss S complaining to the Financial Ombudsman Service, our Investigator considered her complaint. She felt UKI had failed Miss S in how it had handled the claim – but she was satisfied with its view that it was unlikely for the boiler and worktop to have been

affected as a result. She noted that all but £2.00 of the policy limit for alternative accommodation had been paid by UKI for the tenants to stay in a hotel, and that it had paid Miss S for costs she had paid to provide the tenant with somewhere to shower and for the purchase of heaters. She felt that was reasonable in the circumstances especially as she didn't think it had been responsible for the entire period of delay. She also felt the compensation – which she explained that in this complaint we could only look at in respect of Miss S's upset, not that caused to her tenants – was fair and reasonable.

Miss S said she felt the situation was incredibly unfair. She said despite all of UKI's inefficiencies in repairing the boiler, the tenants had only been given five nights stay in a hotel and the temperatures had been freezing at the time. She maintained that the inefficiencies and sheer number of engineers handling the boiler over the period of repairs had made it uneconomical to repair. She said the worktop had definitely not been damaged as it is now before the leak went unresolved. Miss S suggested that our Investigator's outcome meant that the Investigator must think UKI had handled the claim fairly, which Miss S disputed. Her complaint was passed for an Ombudsman's decision.

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.

The policy Miss S has offers her limited cover of £300 for tenants to stay in a hotel when the property is uninhabitable. And Miss S and her tenants benefitted from that cover here. The policy also says that UKI won't pay for repairing a boiler where repair would cost more than it would cost to replace it, and that UKI won't pay for any cost to replace a boiler. I note the age of the boiler, the recent repair and fault history. I'm also mindful that UKI's plumber felt that more problems may well arise with the boiler upon completion of a further repair (incurring further costs). On balance, I think UKI acted fairly and reasonably in line with the policy when it decided to view the boiler as beyond economic repair.

But what the policy requires and entitles Miss S to doesn't limit UKI's liability for her losses when it has failed her in handling a claim. So I need to think about what happened and decide if UKI has any liability to Miss S outside of the policy.

I think it's fair to say, as UKI and our Investigator accepted, that Miss S's claim wasn't handled fairly or reasonably by UKI via its agent. Clearly UKI accepts that it got some instructions muddled for visiting engineers. It is also very clear that it did not communicate well with Miss S – not providing call backs when promised and that she had to wait on the line for long periods often resulting in the call disconnecting or her hanging up. I accept that this was very frustrating for Miss S and that she was experiencing this on top of the understandable worry she had for her tenants.

However, I bear in mind that the boiler issue and then the leak from the boiler came at the time of the holiday period. I'm conscious a part was initially needed – and that UKI could not control the supply of that part, including how long that would take to arrive. I'm further mindful that Miss S could have had the leak, identified on the 24 December 2021, assessed on 26 December 2021 – but she sought to change the appointment. And even if the appointment had occurred a little earlier than it actually did, the further new part would still have been needed. Finally, I know that where old boilers are concerned it is not unusual for one repair to be followed by a further leak or failure of a different part. So I'm not persuaded that any failure of UKI caused the claim(s) to be unavoidably delayed throughout the Christmas and New Year period. And nor am I persuaded that UKI was responsible for the boiler ultimately being declared beyond economic repair, which, as I've said, I think was a fair and reasonable decision by it in the circumstances.

I've seen photos of the worktop. And Miss S's estimate for replacement from a handyman. I've also taken into account UKI's view that the worktop wasn't fitted/jointed well and that the join has been open for some time. I'm mindful that a joint like this – where it is open, does not provide a water-resistant finish to the worksurface. I can see from the photos that there is debris in the join which might suggest it has been open for a little while. And Miss S hasn't provided any evidence to show the worktop did not look like this before the problems with the boiler occurred. In any event, from UKI's notes it seems that the leak identified on 24 December and assessed on 31 December was only minor – I think it would have been quite easy for the worktop area below the boiler to have been protected. Which I think should reasonably have been done given the tenants and Miss S knew there was a leak on-going. I'm satisfied that UKI's refusal to cover the cost of replacing the worktop was fair and reasonable in the circumstances.

I know that UKI reimbursed Miss S's costs for the tenants to shower elsewhere, when they weren't in the hotel, and for the purchase of heaters, to make the home more comfortable. I think that was fair and reasonable of it, as it is likely that the claims progress would have been less protracted if it had managed things better. And I think paying for these things outside of the policy makes up for the minor £2.00 shortfall in the limit available on the policy for alternative accommodation and the hotel costs UKI paid for.

I see that UKI also offered Miss S £400 compensation for distress and inconvenience. I think that was fair and reasonable in the circumstances. I know Miss S has paid her tenants compensation – but as our Investigator explained we can't take her tenants upset into account in this complaint. But in handling the claim poorly UKI did cause Miss S, its policyholder, distress and inconvenience. I accept that Miss S had to put in a lot of extra effort to try and progress the claim, a good portion of which was wasted as she was often unable to get through to UKI. I also accept, as noted above that Miss S was worried about her tenants, and likely the impact on her property too. I accept that she was also left worrying about the effect all this would have on her previously good relationship with her tenants. I'm satisfied that £400 compensation is in line with other awards made by this service in similar circumstances so, in my view, it's fair and reasonable.

I note that UKI only offered the sum of £400 to Miss S, it wasn't paid to her. As I'm satisfied that this sum is fairly and reasonably due to Miss S as compensation for her upset caused by UKI's failures, I'll award it here.

My final decision

I require U K Insurance Limited to pay Miss S a total of £400 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 21 April 2023.

Fiona Robinson
Ombudsman