

The complaint

Mr K complains about Allianz Insurance PLC (Allianz) who declined his claim under his home insurance policy.

What happened

Mr K said that he owned his property for several years without any major structural defects. In 2014, there was a storm that caused damage to his property. Allianz accepted the claim and carried out repairs to his roof as well as other areas.

In 2020 Mr K instructed a contractor to carry out some maintenance work. During this time, the contractor found a crack and bulging in a wall. Mr K then instructed a structural engineer (SE) to investigate the cause of the damage. The SE in his report, said that the chimney was leaning, and he thought that the lean only extended to the external portion of the chimney (that is not below the roof line). He also found that the cause of the lean was due to inadequate lateral restraints. So, Mr K submitted a claim to Allianz.

Allianz sent a loss adjuster and ultimately, Allianz declined the claim, as its loss adjuster came to the same conclusion as Mr K's SE and found that the lean wasn't as a result of subsidence.

Mr K then chose to carry out a program of renovation on the property. The contractors had to remove part of the roof. As a result, the roof timbers were exposed and they saw the extent of the movement of the chimney, as well as the conditions of the roof timbers.

Mr K contacted his SE who inspected the roof. All work was stopped to allow Allianz's loss adjuster to attend and re-inspect. Mr K said that despite repeated requests for them to attend, the loss adjuster did not. In the meantime, Mr K asked for the claim to be re-opened, due to this new evidence, that the lean to the chimney was caused by subsidence.

Mr K decided to stop the building works, in anticipation that Allianz's loss adjuster would carry out a further inspection. Mr K said that he received limited communication from Allianz during this time. Eventually, Allianz instructed another loss adjuster and a desktop assessment was conducted. Around five months later, this loss adjuster came to the same conclusion as the previous loss adjuster. In that, there had been historic movement of the building and the cause of the movement wasn't due to subsidence. Allianz declined Mr K's claim.

Mr K raised a complaint to Allianz as he felt it had failed to consider the new evidence. Allianz maintained its position and the claim remained declined. Mr K was given his referral rights and referred a complaint to our service. He wanted Allianz to accept the claim but as the building works had been completed, he wanted Allianz to reimburse the building costs of £90,680.

One of our investigators considered the complaint and thought it should be upheld. He said he had considered all of the reports from the experts and concluded that the reports from Mr K's experts were more persuasive than Allianz's experts, in part as Mr K's experts carried out a physical inspection of the property.

He also said that Allianz ought to have provided updates to Mr K, which it didn't do. And because his view was to accept that there was subsidence and Allianz had provided poor service, he recommended that Allianz reimburse Mr K's repair costs, the cost of his SE and pay Mr K £250 compensation for the trouble and upset caused, due to the poor service.

Mr K accepted the view. Allianz neither accepted nor rejected the view. It made an offer to settle initially for 50% of the costs. But later increased its offer to 80% of the costs. Both offers were rejected by Mr K as he said there appeared to be no valid reason why Allianz would not agree to reimburse his costs in full. So, a decision from an ombudsman was requested.

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.

Having done so, I will uphold this complaint, for much the same reasons as our investigator. And I will explain why I think this is fair.

From what I've read, Allianz has made two offers to Mr K in order to settle the claim. Both offers have been rejected by Mr K, given that all the works have now been completed and that Mr K would like the full costs to be reimbursed. I think the offers made, indicate that Allianz effectively accepted that it was wrong to decline the claim in the first place. This being said, I think the main issue of this complaint now is whether Allianz has been fair in its offer of 80% contribution towards the building costs.

For completeness, Allianz have accepted to pay Mr K £250 compensation for the poor service he experienced, so I won't be commenting further on this, as I do think that this level of compensation, is fair and what I would've recommended, had Allianz not accepted to pay this amount.

I have next considered Allianz's offer of an 80% contribution towards the building costs incurred by Mr K. With this in mind, I asked Allianz for its comments on why it felt that 80% should be the total contribution. Despite my requests for this information, Allianz did not provide me with any comments.

Mr K explained that when Allianz initially declined his claim, he had to raise funds in order to ensure that the repairs were carried out. He said that because of this, he scrutinised the repairs and costs. He said this meant that the repairs were not for betterment and were entirely necessary and competitively priced.

He has provided evidence to show that the costs of the repairs totalled £90,680. Given that Allianz has not provided any reasons why it should only pay 80% of those costs. And given that I'm satisfied that it had accepted that it was wrong to have declined the claim, in the first place, I think that it's fair and reasonable for Allianz to reimburse the total costs incurred by Mr K for the repairs carried out, including the costs for the structural engineer costs.

Putting things right

To put matters right, I direct Allianz as below.

My final decision

For the reasons given, I uphold Mr K's complaint.

To put matters right, Allianz Insurance PLC to:

Pay Mr K £250 compensation for the trouble and upset caused.

Reimburse Mr K the total cost of the repairs carried out of £90,680, on production of the receipts.

Reimburse Mr K's structural engineer costs, on production of the invoice.

Allianz Insurance PLC must pay the amounts within 28 days of the date on which we tell it Mr K accept my final decision. If it pays later than this, it must also pay interest on the amount from the date of my final decision to the date of payment at 8% a year simple.

If Allianz Insurance PLC considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr K how much it's taken off. It should also give Mr K a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 17 March 2023.

Ayisha Savage
Ombudsman