

## **The complaint**

Mr and Mrs H complain about the way ERGO Versicherung Aktiengesellschaft (ERGO) handled their claim for of the flood damage to their property and river wall made on their holiday home insurance policy.

## **What happened**

The background of this complaint is well known to both parties. So, I'll summarise the key points I've focused on within my decision.

- Following a storm in mid-October 2018 (heavy rainfall), the river next to Mr and Mrs H's property swelled and overflowed its banks, flooding outbuildings and the rear garden. The river wall had also been undercut and washed away. Due to the amount of damage to the river wall the main property in particular the side extension of it, is under threat of further damage
- Mr and Mrs H are unhappy with the time taken to progress the claim and feel there have been unreasonable delays and there has been a lack of communication
- ERGO has said this has been a complex case that has required the cooperation of third parties that has proven to be difficult at times. In addition, due to the nature of the damage it has required extensive planned works that need to be carried out in phases and with fair weather conditions
- Our investigator upheld the complaint. However ERGO hasn't responded to his view of this complaint, The complaint has therefore been passed to me, an Ombudsman for a final 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.

I can see Mr and Mrs H have also raised concerns regarding underinsurance and the claim settlement being reduced by an average clause. These were not addressed in the final response letter issued by ERGO in May 2022. I note our investigator asked ERGO as part of his outcome to address these issues as a formal complaint. I will therefore not be addressing this issue within this decision as I can see we already have a separate complaint set-up at this service.

With regards to this complaint, I can see there has been approximately 18 months of delays during the claim up to the issue of the final response in May 2022. These delays included claim approval, engineer appointment, an agreement of works, discussions with local council and government agency, stabilisation and clearing works, site visits and appointment of soil analysis contractors.

I appreciate not all these delays were unavoidable such as the restrictions of working in the river between October and April each year due to the protection of the fish stock, Covid-19 lockdowns, awaiting replies from local council and the government agency, and weather

conditions - making it safe to work. But from what I've seen ERGO were responsible for a considerable amount of avoidable delay and didn't appear to be actively progressing the claim. In addition, Mr and Mrs H were not being regularly updated.

From what I've seen the works were due to have been finalised in the summer of 2021 and it appears all parties agreed with the schedule of works by early September 2021. However, it appears that there wasn't enough time to get the work started before mid-October when works were not permitted in the river. However, by the time the final response was issued in late May I would've expected the works to have started and be well on their way to completion, but this hasn't happened. This has caused Mr and Mrs H an unreasonable amount of trouble and upset beyond what would've been expected by this type of claim including legal threats and abusive calls from neighbours due to lack of progress. I will therefore direct ERGO to pay Mr and Mrs H £600 compensation for the distress and inconvenience caused up to the final response in May 2022.

From what I've seen there doesn't appear to be a plan in place on how the claim should progress. I would remind ERGO that under the regulator's Insurance Conduct of Business Sourcebook (ICOBS) it has a duty to handle claims promptly and fairly and bearing in mind this claim is now over four years old ERGO should put a plan in place for next steps of repairs and keep Mr and Mrs H regularly updated.

### **Putting things right**

I direct ERGO Versicherung Aktiengesellschaft to:

- Pay £600 compensation
- Put a plan in place for next steps of repairs and regularly update Mr and Mrs H

### **My final decision**

For the reasons given above I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs H to accept or reject my decision before 21 March 2023.

Angela Casey  
**Ombudsman**