

The complaint

Mr and Mrs A complain that, in respect of a claim for water damage to their let property, Fairmead Insurance Limited has delayed, failed to provide test results, and failed to offer an adequate settlement. I shall refer to Fairmead throughout although most of the handling of the claim was done by loss adjusters.

What happened

In January 2019 Mr and Mrs A were notified of a leak at their let property. They notified a claim to Fairmead and made arrangements to have the leak detected and repaired. Fairmead then arranged to commence drying. It appears that there were problems in getting the property completely dry. A further leak was discovered and repaired in March 2020. But the damp problems persisted. A further investigation then took place in May 2020. It was concluded that there was a leak from the shower tray in the bathroom. Fairmead said that as this came from failed sealant, this particular damage wasn't covered under the policy and it was left to Mr and Mrs A to carry out the necessary repairs.

Fairmead then prepared a schedule of works, and offered a cash settlement. This was for £4,018 (plus VAT, if Mr and Mrs A had a VAT registered contractor complete the work). Mr and Mrs A rejected this as being insufficient. As an alternative Fairmead agreed to instruct one of its contractors to carry out repairs.

That contractor visited site in February 2021 but found the property still to be wet. An inspection and test revealed there to be nitrates still present (meaning there was possible ground water indicating rising damp). Investigations revealed there to be a lack of a damp proof course and because of this and the likelihood of further leaks, Fairmead's contractors were unwilling to guarantee their work. So Mr and Mrs A were urged to accept the cash settlement.

However, following a further site visit, it was discovered that the property was now dry, but that the only issue Fairmead was now responsible was the laminate flooring in the bedroom, which reduced the settlement to around £500 (less a £250 excess).

Mr and Mrs A made a complaint to Fairmead in April 2021. It provided a final response in May 2021. It did agree that the original settlement offered was incorrect. It didn't make it very clear in the letter but (as far as I can see) it offered a settlement for the original leak only, rather than the damage caused by the failed sealant in the bathroom. It said it wouldn't base this on its contractors' rates, but offered to consider any quotes Mr and Mrs A obtained in relation to that particular work. It offered a payment of £200 compensation for its error over the settlement.

Mr and Mrs A arranged to have the works carried out. These took six months from March to September 2021.

Mr and Mrs A referred their complaint to the Financial Ombudsman Service. Our investigator found that Fairmead had acted reasonably, although asked Fairmead to provide the drying certificates and consider the claim for loss of rent.

Mr and Mrs A did not accept this, particularly pointing out that they had not received any response to their requests for drying certificates or for payment of loss of rent.

The matter has been passed to me for further consideration.

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.

Whilst I note that Mr and Mrs A have made detailed complaints, and I have considered them carefully, I won't go into every issue point by point.

delays

Mr and Mrs A say that Fairmead failed to arrange alternative accommodation for their tenants despite saying it would do so, and that it delayed in dealing with the drying, scoping the works and getting the property ready for repair.

I think the policy is clear here – that is that arranging alternative accommodation for tenants is the responsibility of the policy holder. Here Mr and Mrs A advised Fairmead that they didn't want any work to start until the tenants moved out, in early 2020. The delays in this claim in my view were mostly caused by the property failing to dry, and several leaks were found. Also the loss adjusters had trouble communicating with the tenant and the letting agent to arrange site visits. However the repairs of the leaks were Mr and Mrs A's responsibility.

settlement

I do agree that Fairmead could have been clearer about the settlement being offered. But in light of its contractors being unwilling to guarantee their work because of the ongoing damp issues and a lack of a damp proof course, I think it was fair to offer the original cash settlement. As for changing that settlement to pay for just the laminate flooring in the bedroom. I agree that that was unfortunate. But from the papers I can see that Fairmead's expert assessed that the only part of the claim covered under the policy was the bedroom floor, damaged by the original leak.

I haven't seen any expert evidence to counter this, so I think it fair to accept this. The policy clearly has an exclusion for damage caused by failed sealant.

Mr and Mrs A have been told that the flooring won't be charged at Fairmead's contractors' rates, so it is up to them to provide the relevant invoices

As to Fairmead's offer of £200 compensation, I think that is reasonable in the circumstances of this case.

loss of rent

Fairmead did agree initially to consider a payment for loss of rent. Although this was before the change in settlement. I haven't seen what its view is now, so it should, on receipt of appropriate evidence from Mr and Mrs A, consider this issue again and provide an appropriate response.

test/drying certificates

Mr and Mrs A have asked several times for these. Fairmead should provide these as soon as possible.

Putting things right

Fairmead should provide the drying/test certificates. It should also consider Mr and Mrs A's claim for loss of rent.

My final decision

Fairmead should provide the remedy set out under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A and Mr A to accept or reject my decision before 23 February 2023.

Ray Lawley
Ombudsman