

The complaint

Mr and Mrs S complain that U K Insurance Limited (UKI) delayed in dealing with their claim for water damage in respect of their let property and failed to offer a reasonable settlement.

What happened

Mr and Mrs S were informed by their tenant of a leak causing water damage to their let property in May 2021. They notified UKI and were told to get the leak detected and repaired. Mr and Mrs S advised in early July 2021 that this had been done, and also the extent of the damage. UKI arranged a site visit and discussed, in August 2021, the options for repair. It was agreed that a company would be employed to carry out strip out works and then proceed to drying and repair. Mr and Mrs S initially advised that the tenants needed alternative accommodation, but, as set out below, this changed to a reduction in rent and a kitchen pod.

UKI received the quote for repairs but the contractors then advised that, due to an outbreak of Covid-19, they would be unable to start until 2022. UKI explained that although it had another contractor covering that area, that contractor was in a worse position.

Mr and Mrs S disputed the quote provided by the contractor and appointed a loss assessor to assist them in proceeding with the claim. However although it was suggested that the works would cost considerably more, the loss assessor was unable to show UKI that this was the case.

Following a formal complaint to UKI, it agreed in a response dated 26 November 2021 that the claim should have been escalated to a loss adjuster in the first place, which would have helped with validating the claim and assessing the tenants' needs. It paid Mr and Mrs S £300 in compensation for any frustration or distress caused.

It was then agreed that the tenants would be charged 50% rent and UKI would pay the balance, and provide a kitchen pod. It paid this up until July 2022, two months after the cash settlement was paid to enable the repairs to be carried out. It estimated the repairs would take a month to complete.

Mr S requested confirmation that the contractors had DBS (disclosure and barring service) checks. Although they initially said they did, they then explained that their checks were not up to date because of Covid-19. It caused further delays to have those checks carried out.

UKI issued a cash settlement to Mr and Mrs S for around £6,400. Mr and Mrs S made it clear that they accepted this only as a part payment. However their quote of over £19,000 wasn't accepted by UKI as being reasonable. It upheld a complaint about Mr S's email concerning the works estimate not being responded to. It paid a further £150 compensation. It has since offered to pay a further £350.

On referral to the Financial Ombudsman Service, our Investigator said that UKI had paid a fair settlement. She agreed that UKI's poor claims handling, including not appointing a loss adjuster, caused Mr and Mrs S unnecessary stress and inconvenience. But overall she

thought that the total amount offered and/or paid, of £800, was satisfactory.

Mr and Mrs S didn't agree. They believed that UKI deliberately delayed the work and its staff were incompetent. They have lost a good tenant. They further said that UKI hadn't quoted for all the works, and that it was accepted by all parties that the granite worktops couldn't be removed without breaking them.

Our investigator said that UKI's responsibility was to pay for a lasting and effective repair including any items necessarily damaged in the course of the repairs.

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.

delays

I haven't seen that there was any "deliberate" delay on UKI's part. The delays were mainly caused by the contractors being affected by Covid-19 and in their applying for their DBS certificates. I think this could have been made clearer to Mr and Mrs S. But, this was a tenanted property and UKI was willing to pay for alternative accommodation (which the tenants didn't want), and then half the rent to enable the tenants to remain. I think it was reasonable for UKI either to wait for its contractors or to pay a cash settlement as per its assessment of the claim.

The contractors did fail to attend a couple of appointments but again I don't think that justifies Mr S's description of them as being incompetent in their actual work.

Overall I agree that appointing a claims handler rather than a loss adjuster from the start added to the delays. It would appear that a kitchen pod was ordered too early and remained unused for some time and there were some delays in replying to Mr S's correspondence.

But I don't think, as Mr and Mrs S have said that UKI prevented them appointing loss adjusters. I see that they appointed a loss assessor. I haven't seen any correspondence with that assessor though I also haven't seen that Mr S was able to justify his view that the repairs would cost £19,200 including VAT. Mr S, as a contractor in the construction industry himself proposed that he be paid £750 a day to project manage. But that wouldn't be the normal way of handling a claim a claim of this nature and that doesn't require technical oversight.

settlement

As an agreement couldn't be reached for Mr and Mrs S to use UKI's contractors, it paid them a total of £7,443 for the repair work, I haven't seen any evidence to suggest this was unreasonable. Mr S says this does not cover full repairs as UKI's contractors were unable to quote for that. Nor, he says, does it cover damage to the worktops. If further repairs are needed outside of the scope of works, Mr S should present the details to UKI and I would expect it to consider if that justifies paying more. Similarly if the worktops are unavoidably damaged on removal I would expect UKI to consider paying for those too.

As to loss of rent, I understand that UKI has paid this up to the full liability under the policy, and that the house is not currently let. I think that's reasonable.

overall

I think that UKI's payment of £450 was reasonable, and that it should pay the further £350 it has offered. In assessing this I have to bear in mind that this was a let property, so Mr and Mrs S didn't themselves suffer the aggravation of living in an unrepaired house. Regrettably I have no power to award compensation to anyone other than the policyholders.

Putting things right

UKI should make the further £350 payment (if it hasn't already made that payment).

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs S to accept or reject my decision before 24 February 2023.

Ray Lawley
Ombudsman