

The complaint

Mr and Mrs L complain about how Allianz Insurance Plc handled their claim on their property insurance.

All references to Allianz include the actions of its agents.

What happened

Mr and Mrs L own a property that they rent out to tenants, for which they had property owner's insurance with Allianz. In 2016 they noticed cracks at the property and made a claim under the subsidence cover. This was identified as being caused by broken drains and repairs were carried out. However these repairs later failed and needed to be re-done.

Over the years that followed, further monitoring and repairs took place, including some underpinning. However throughout this time there were delays, issues with contractors and problems with further repairs that had to be corrected. Throughout the claim Mr and Mrs L made a number of complaints which Allianz responded to. In 2021 they were unhappy with Allianz's response to their most recent complaint about the progress of the claim and brought it to this service.

Our investigator considered the issues and recommended the complaint be upheld. He said an independent report should be instructed and paid for by Allianz in order to determine what damage there is and the required repairs. He also thought Allianz should pay £350 compensation to make up for the poor service and delays.

Mr and Mrs L didn't accept this as they didn't feel it went far enough. They asked for the complaint to be reviewed by an ombudsman.

While the complaint was at this service, Mr and Mrs L instructed an expert report into the current condition of the property. When the complaint came to me I requested a copy of this report.

My provisional decision

On receipt of the report I wrote to both sides to explain that I'd come to a different outcome to our investigator. In summary, I said:

Having read the new report along with the rest of the case file I can see that there have been a lot of errors by numerous contractors appointed by Allianz. And this has extended the claim far beyond the length of time it should have taken to resolve. This is both due to unnecessary delays from cancelled appointments and appointments where the work couldn't be carried out and the fact that poor work has needed to be redone. The report Mr and Mrs L have provided highlights this.

I agree with Mr and Mrs L's suggestion that a full structural survey should be completed to determine what now needs to be done to stabilise and repair the property. Once this is completed, Allianz should either carry out the repairs using its own contractors, or cash

settle at the amount it will cost Mr and Mrs L to get the work done – this should be at Mr and Mrs L's choosing.

I also think the report Mr and Mrs L instructed is useful in its analysis of the previous repairs and it identifies a number of areas of concern with the work carried out, which has helped me reach my decision. I therefore intend to require Allianz to cover the cost of this report.

Finally, while my remit is only to consider issues that were addressed in Allianz's most recent final response letter, which means the window I can compensate for is very small, the issues Mr and Mrs L face now have clearly been impacted by mistakes and errors over the last six years, the culmination of which has led to the need for another survey which is prolonging the claim further. I therefore intend to require Allianz to pay £1,000 compensation to reflect the distress and inconvenience it has caused.

I concluded that I intended to require Allianz to carry out the following directions:

- *Mr and Mrs L will appoint an independent structural engineer to carry out a full survey of the building and recommend the work needed to stabilise and repair it. Allianz will pay for this report.*
- *Once completed the report will be provided to Allianz who will either appoint contractors to carry out all recommendations, or they will cash settle at the amount it will cost Mr and Mrs L to get the work done independently. Mr and Mrs L will choose which they would prefer.*
- *Allianz will reimburse Mr and Mrs L for the report they have already instructed.*
- *Allianz will pay Mr and Mrs L £1,000 compensation.*

Response to my provisional decision

Mr and Mrs L responded to accept my decision. However they said the independent surveyor should be a specialist in conservation so that they will be able to effectively identify the overriding cause of the subsidence and the impact of the repairs that have been carried out already.

Allianz also accepted the decision, however it said it couldn't confirm it would carry out all recommendations contained in the report as some may not be claim related.

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.

As both sides have accepted my provisional findings, I see no reason to depart from these conclusions. However I've considered what each side has said in regards to the next steps.

I don't consider Mr and Mrs L's request to appoint a surveyor that is conservation accredited to be unreasonable. The property was constructed in around 1850 and therefore may have more unique features and build than other more modern properties. I therefore think it reasonable that Mr and Mrs L appoint a conservation specialist to carry out the report if they choose to. And any additional cost should be covered by Allianz.

Allianz has said that it can't guarantee it would carry out all recommendations contained in the report from the surveyor, as it will only cover claim related work. Allianz is only required to pay for work that is covered by the policy, so I wouldn't expect it to carry out work that went above its liability. However Mr and Mrs L's report makes it clear that the repairs that have been carried out already by Allianz have failed and potentially caused further issues.

So I'd expect Allianz to cover all work relating to the claim, any ongoing subsidence and any work needed due to the failed repairs. And for the work to be enough to ensure an effective and long lasting repair. .

My final decision

For the reasons I've given, I require Allianz Insurance Plc to carry out the following directions:

- Pay for a structural engineer report instructed by Mr and Mrs L. The engineer will be chosen and appointed by Mr and Mrs L and can be a conservation expert if this is what they choose.
- The report will identify damage and necessary repairs relating to the existing claim, ongoing subsidence and all previous repairs carried out by Allianz and its contractors and outline the required work to ensure an effective and long lasting repair to the property.
- Once completed the report will be provided to Allianz who will either appoint contractors to carry out all recommendations relating to the claim, ongoing subsidence and the previous repairs, or they will cash settle at the amount it will cost Mr and Mrs L to get the work done independently. Mr and Mrs L will choose which they would prefer.
- Allianz will reimburse Mr and Mrs L for the report they have already instructed.
- Allianz will pay Mr and Mrs L £1,000 compensation.

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

Sophie Goodyear
Ombudsman