

The complaint

Mr and Mrs H are unhappy with Fairmead Insurance Limited's handling of a claim they made for flood damage to their home.

What happened

The details of this complaint are well known to both parties, so I will not repeat them again in full detail here. But to briefly summarise, Mr and Mrs H's property was damaged by flood and they made a successful claim through their home insurance provider – Fairmead.

Fairmead appointed a loss adjuster to manage the claim and contractors to repair Mr and Mrs H's home. This was estimated to take between four and six months. Fairmead also arranged for Mr and Mrs H, and their family, to be placed into alternative accommodation while the claim was handled. But due to issues with availability in their local area, Mr and Mrs H ended up in alternative accommodation around 40 miles from their home.

Mr and Mrs H raised several issues with Fairmead's handling of their claim, including the quality of repair works carried out by its contractor and the overall time taken to progress their claim and repair their home. Fairmead accepted that the service Mr and Mrs H had received had fallen short and offered around £750 compensation. Mr and Mrs H didn't accept this offer and instead brought their complaint to our service.

Our investigator considered the complaint and thought it should be upheld. She said the claim had taken too long to resolve and Mr and Mrs H had been left isolated in accommodation many miles from home for an unnecessarily long period of time, due to issues which Fairmead and its agents were responsible for. She recommended Fairmead should increase the compensation to £1,000.

Fairmead accepted our investigator's assessment, but Mr and Mrs H didn't. They didn't agree that £1,000 was sufficient to cover the distress and inconvenience they'd suffered. They also said Fairmead had yet to fully reimburse the additional costs they'd incurred as a result of the claim, such as energy bills at their home address while they were covering these at the alternative accommodation, and additional fuel expenses as a result of being so far from Mr H's work and their home.

As no agreement could be reached, the complaint was passed to me to decide.

Having considered Mr and Mrs H's argument about costs, I was minded to reach a different outcome to our investigator. So, I wrote to the parties to informally share my thoughts on a fair resolution to this complaint.

In terms of the compensation for distress and inconvenience, I said I was minded to agree with our investigator that £1,000 was fair and reasonable.

However, I explained that our service wouldn't expect policyholders to be left out of pocket as a result of a claim and that we have a well-established approach to, what we refer to as, disturbance allowance – which is the reasonable additional costs incurred as a result of a policyholder being away from their home due to a claim.

In the circumstances here, I said I was minded to decide that Fairmead should reimburse the costs Mr and Mrs H had incurred at their home address, while they were also paying for the same at the alternative accommodation, and that it should add 8% simple interest from the point they were out of pocket to the point they were reimbursed.

I also said Fairmead should reimburse the additional fuel expenses Mr and Mrs H could evidence they'd incurred as a result of being in alternative accommodation. Or, if they weren't able to evidence these costs, that it should pay Mr and Mrs H £10 per day from the point they were placed into alternative accommodation until the date they returned to their property – to cover the costs incurred by Mr H in having to drive to and from work during this period. And that it should pay a further £10 per day from the point it cash settled the claim – to cover Mrs H's costs in having to regularly return to their home to manage the remaining works.

Fairmead responded to my proposed approach and confirmed it broadly agreed. But it said its loss adjuster had requested evidence of the additional utility costs on several occasions, which was never received. So, it didn't agree it was fair for it to pay interest on those amounts for the entire period I proposed.

Mr and Mrs H also responded and were broadly happy with my proposed approach. However, Mrs H highlighted that she was required to drive back to their local area on multiple occasions for appointments with Fairmead's agents and for other personal appointments. She provided the dates of these appointments/meetings and asked that the £10 per day be paid for those dates, in addition to what I had already suggested.

Mr and Mrs H said it wasn't clear from what date the second £10 per day would be paid from. They said they thought it should be from 23 March 2021 as they needed to regularly drive back to their local area following the relaxing of COVID restrictions so that their children could see their friends. And, because it was around that time that Fairmead proposed cash settling the claim.

I shared Mr and Mrs H's response with Fairmead and it said it was happy to meet the additional fuel costs proposed by Mr and Mrs H.

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've also carefully considered the responses to my correspondence with the parties surrounding the additional cost elements.

I should be clear here that this complaint focuses solely on the handling of Mr and Mrs H's claim, and the additional costs they incurred as a result. I'll not be commenting on the overall claim decision, or the claim settlement paid.

As I've shared my thoughts with both sides, and allowed them to provide comments in response, I'm moving ahead with my final decision.

Utility costs

Mr and Mrs H say they were paying utility bills and council tax at both their home address and the alternative accommodation address. They say Fairmead has only partially reimbursed them for this.

When sharing my thoughts on this with Fairmead, I explained that I would expect it to reimburse the costs Mr and Mrs H incurred at one of the addresses (typically their home address) and that it should add 8% simple interest, from the date they were out of pocket to the date they are reimbursed, to compensate them for being deprived of the use of that money for other purposes.

In response, Fairmead said it had confirmed to Mr and Mrs H that their costs would be reimbursed, subject to evidence being provided and that it had chased them for information about their costs on several occasions. Fairmead said it was unfair for it to be penalised, in the form of the interest award, when it would have reimbursed those costs much sooner, had it been provided with the evidence it requested.

I asked Fairmead to provide evidence of these communications and chaser emails which it has. This shows that on 4 January 2022, the loss adjuster asked Mr and Mrs H for information regarding any outstanding costs. Fairmead said no information was received until very recently – following my email.

However, Mr and Mrs H have said they weren't initially informed, by the loss adjuster, that they could reclaim additional utility or council tax costs. They only discovered they could when they sought to raise a complaint in May 2021. At this stage they say they were informed by Fairmead that it could reimburse these costs, and so they provided the loss adjuster with evidence of their energy, water and council tax bills in June 2021.

Mr and Mrs H have now provided our service with evidence of the emails they sent to the loss adjuster in June 2021. Based on this, and having carefully considered what they've said, I'm persuaded on balance that they would have provided this evidence sooner than June 2021, had they been made aware they would be able to reclaim these costs when they were first moved into the alternative accommodation.

So, taking the above into account, I remain of the view that Fairmead should reimburse the costs Mr and Mrs H incurred at their home address, and that it should pay 8% simple interest on the amounts owed to them, from the dates they were out of pocket to the date they are reimbursed.

Fuel costs

In order to fairly reimburse the reasonable additional fuel costs Mr and Mrs H incurred, Fairmead has now confirmed its agreement with the following:

- To pay Mr and Mrs H £10 per day from the date they were moved into alternative accommodation to the date they returned to their property – to cover Mr H's reasonable additional fuel costs.

This is because the alternative accommodation was around 40 miles from Mr and Mrs H's home address and Mr H's work. Mr H was required to frequently travel to work throughout the period they were in alternative accommodation. So, it is fair that Fairmead should cover the additional fuel expenses from the point they first moved into alternative accommodation.

Mr and Mrs H are understandably unable to evidence the actual additional fuel costs they incurred over the full period of the claim. So, in the absence of that evidence, Fairmead will pay £10 per day, which is in line with our service's typical approach in these circumstances.

- To pay Mr and Mrs H a further £10 per day from 23 March 2021 to the date they returned to their property – to cover Mrs H's reasonable additional fuel costs.

This is because Mrs H wasn't required to regularly travel back to their area until this point. So, it wouldn't be fair to expect Fairmead to pay an additional £10 per day for Mrs H for the entire period. Instead, Mrs H has explained that from this point, following the relaxing of social distancing restrictions, she was making regular trips back to their area so that her children could see friends. And that it wasn't long after this time that Fairmead made it clear it was intending to cash settle the claim, so Mrs S was starting to make arrangements for repairs.

- Pay a further £200 to cover £10 per day, for Mrs H, for meetings and appointments in their local area, she needed to attend prior to 23 March 2021.

In the circumstances, I think the above provides a fair and reasonable resolution to this part of Mr and Mrs H's complaint.

Compensation

Mr and Mrs H's claim ought to have been resolved within around six months. But it took around 18 months due to delays and poor workmanship on the part of Fairmead's contractor.

The above issues meant that Mr and Mrs H, and their family, were left in alternative accommodation, a significant distance from their home, for far longer than they initially understood or accepted they would be. This had an understandable impact on them all.

Further to this, and the frustration caused by the areas of poor workmanship, they also had the added inconvenience of then having to take over the works themselves when the claim was eventually cash settled.

I've carefully considered the full timeline of events, and everything Mr and Mrs H have said about how their family has been impacted by Fairmead's mistakes. Taking everything into account, I think £1,000 is sufficient to fairly compensate them for the distress and inconvenience they've suffered. And when combined with the awards highlighted in the above sections, I think the total amount to be paid is sufficient to fairly resolve this complaint.

My final decision

For the reasons explained above, I uphold Mr and Mrs H's complaint.

Fairmead Insurance Limited must:

- Reimburse the outstanding utility and council tax costs Mr and Mrs H can evidence and pay 8% simple interest* to the amounts they are due, from the dates they were out of pocket, to the date they are reimbursed.
- Pay Mr and Mrs H £10 per day from the date they were moved into alternative accommodation to the date they returned to their property – to cover Mr H's reasonable additional fuel costs.

- Pay Mr and Mrs H a further £10 per day from 23 March 2021 to the date they returned to their property – to cover Mrs H's reasonable additional fuel costs.
- Pay a further £200 to cover £10 per day, for Mrs H, for meetings and appointments she needed to attend prior to 23 March 2021.
- Pay Mr and Mrs H £1,000 compensation for the distress and inconvenience it has caused them.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs H to accept or reject my decision before 11 April 2023.

**If Fairmead Insurance Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr and Mrs H how much it's taken off. It should also give Mr and Mrs H a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.*

Adam Golding
Ombudsman