

The complaint

Mrs F, Mr F and Miss F (the F family) are unhappy with Arch Insurance (UK) Limited's (Arch) handling of a claim made under their commercial property insurance policy.

What happened

The F family own a property which is let out. In July 2021, following a period of high intensity sudden rainfall, water entered the property via a skylight, and via backing up of the drains, causing damage. The claim was reported to the insurer of the property, Arch.

Arch appointed a loss adjuster to inspect the damage. However, between the claim being made in July 2021 and April 2022 when Arch issued their final response, the loss adjuster changed four times. During this period, the F family received limited communication on what was happening with their claim, and they had to arrange and fund repairs themselves – to progress their claim and so the property could be repaired and let out.

The F family complained to Arch about their handling of the claim. This included the lack of communication, delays and the loss adjuster changing which meant the F family had to repeatedly provide information that had already previously been provided – and the claim effectively restarting a number of times. Arch upheld the complaint and offered £500 compensation. The F family remained unhappy and approached this service.

Our investigator looked into things. He said he could only consider matters up to the date of Arch's final response - 7 April 2022. He recognised the service the F family had received had been poor, but he said the £500 they'd already been offered for this was reasonable. He didn't recommend Arch do anything further.

The F family were unhappy with the investigator's view of things, so the case was passed to me to decide.

I reached a different outcome to our investigator. I issued a provisional decision, to give both parties an opportunity to comment on my initial findings before I reached my final decision.

What I provisionally decided – and why

In my provisional decision, I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'm minded to reach a different outcome to our investigator as I think further compensation is warranted here. Therefore, I'm issuing a provisional decision, to give both parties an opportunity to comment on my provisional findings before I reach my final decision.

Firstly, I should explain what I'm able to consider as part of this complaint. My consideration is limited to what happened between the claim being made in July 2021, and Arch issuing its final response on 7 April 2022.

I understand the F family are unhappy with Arch's continued handling of matters, and that there have been further delays in Arch settling their claim after the final response was issued. However, as explained by our investigator, if the F family are unhappy with matters post the final response of April 2022, they'd need to refer these concerns to Arch as a separate complaint, and then back to this service if they remain dissatisfied – subject to our usual rules and timescales.

Part of the F family's complaint is that due to the damage to their property, they were unable to rent the property out and they say they've lost income as a result. However, Arch is already considering a loss of rent claim under their insurance policy. Once Arch has done this, and if the F family are unhappy with whatever outcome or settlement they reach, then this would be a separate complaint. As Arch hadn't considered or reached a decision on the loss of rent claim as part of the previous complaint and final response, I won't be considering that here as part of my decision.

The same applies to the claim settlement itself for repairs to the property – which the F family have had to fund in the interim. At the time of the final response (7 April 2022), Arch hadn't reached the claim decision on the settlement amount. Once they have, and if the F family are unhappy with the settlement offered by Arch, that would be part of a separate complaint.

It isn't in dispute the handling of the claim wasn't in line with the F family's reasonable expectations. This is why Arch offered £500 compensation. However, having reviewed matters from when the claim was made up to when the final response was issued (in April 2022), I think additional compensation is warranted for the service the F family have received.

As both parties are already aware what happened throughout, I don't intend to comment on each event, issue or communication between the parties individually. Instead, I'll mention some of the key points and events, and what I'm minded to conclude Arch needs to do to put things right. I don't mean this as a discourtesy to either party, instead this reflects the informal nature of this service and my role within in. But I'd like to reassure both parties that I've considered all the information they've provided when reaching my provisional decision.

I've looked at the timeline of what happened for the period I'm considering and the communication between both parties. And it's clear there were significant avoidable delays and poor communication from Arch (and their appointed agents) throughout.

The first loss adjuster was appointed quickly after the claim was made and completed their report which was submitted to Arch. But after this, things didn't go smoothly or as would have reasonably been expected by the F family.

For example, during the period I'm considering, the loss adjuster changed four times for various reasons. The knock-on effect of that was delays in the claim handling and progression. This was due to each new adjuster not being made aware of what was happening from the loss adjuster before. So essentially the claim needed to restart each time, with the F family being responsible for explaining everything that had happened throughout to each of the new adjusters to bring them up to speed each time. But after this was done each time by the F family, the communication again broke down and the handling of the claim was left to the F family. This clearly had a considerable impact on the claim progressing.

Throughout the period I'm considering, the F family contacted each loss adjuster for updates, to provide information and to outline how they were being impacted by having to fund the repairs themselves whilst the claim wasn't being progressed by Arch (or their agents). But there were many occasions where no response was received for weeks, despite the F family chasing a number of times – and ultimately after weeks of no response, a new loss adjuster would be appointed and things would effectively need to restart again.

Whilst there were (several) loss adjusters appointed throughout, the repairs weren't handled or paid for during the claim by Arch or their agents. Due to the service received and lack of communication, and the loss adjuster not managing the claim, the F family effectively had to deal with their own claim, source, employ and pay for the works required to bring the property back to a habitable condition. The F family continually made the loss adjusters aware of the considerable financial impact on them having to find funds in the interim, and not being able to let out the property resulting in a loss of income. This is evident in the emails the F family repeatedly sent to Arch outlining how difficult the situation was for them.

It wasn't until around six months into the claim that the loss adjuster suggested an interim payment, and despite accepting this and providing bank details (even after explaining this was nowhere near the outlay the F family had incurred and the impact this was having), as far as I'm aware this was never sent to the F family either.

As I say, here I'm not considering the actual repair costs, the claim settlement amount or loss of rent under the policy, as that was still being considered by Arch at the time of the final response – and would form part of a separate complaint if the F family are unhappy with it. But I am considering the service, and the impact on the F family having to handle (and fund) their own claim up to the point of the final response. And having considered everything, I think the distress and inconvenience caused over this time was considerable.

Arch has already offered £500 compensation for the service received, but I don't think that's enough for the impact the handling had on the F family up to April 2022. Having considered everything, I'm minded to conclude this should be increased by a further £300 taking the total compensation to £800.

The F family have also raised concerns that as new loss adjusters were unable to access previously provided information, their information may not have been stored, handled or disposed of securely and could have been lost and accessible elsewhere. Whilst I note the F family's concerns here, based on the evidence, I don't think it's been shown that the information was lost or accessible elsewhere.

We aren't the regulator of data protection, and if the F family have concerns whether Arch (or their agents) are following the relevant rules required of them more widely, they'd need to approach the Information Commissioner's Office – who is the regulator of data protection."

Therefore, I was minded to uphold the complaint and to direct Arch to increase the total compensation to £800.

The responses to my provisional decision

Arch responded and agreed with the provisional decision and increased compensation.

The F family responded and said the additional compensation was appreciated and accepted. And they said they would submit a new complaint to Arch about the period after April 2022 that didn't form part of this complaint.

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.

And I've thought carefully about the provisional conclusions and recommendations I reached. Having done so, and as neither party has provided anything which would lead me to depart from the provisional decision I reached, my final decision remains the same as my provisional decision, and for the same reasons.

My final decision

It's my final decision that I uphold the complaint and direct Arch Insurance (UK) Limited to:

- Pay the F family a further £300 compensation taking the total amount to £800

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F, Mr F and Mrs F to accept or reject my decision before 28 February 2023.

Callum Milne
Ombudsman