

The complaint

Mr S complains that Allianz Insurance Plc (“Allianz”) provided poor service when dealing with a subsidence claim he made under his policy.

Any reference to Allianz in this decision includes its appointed agents.

What happened

In 2017 Mr S made a claim for subsidence. Movement of the property was confirmed and the claim was taken on by Allianz. Over the years that followed, however, Mr S became increasingly unhappy with errors he says were made by Allianz and other parties appointed by Allianz, saying he incurred significant costs and spent considerable time commuting to the property to effectively project manage the claim.

Mr S has said he’s dissatisfied with the work that’s been carried out to date, and doesn’t have any confidence that works have been done adequately. He’s raised a number of issues about Allianz’s handling of the claim and the delays in dealing with the claim. Allianz has accepted that matters took a considerable length of time to resolve and it’s also accepted that at times the service Mr S received fell short of what he expected. It paid him £2500 compensation in recognition of this, which Mr S ultimately accepted, but not in full and final settlement of the complaint.

As Mr S remained unhappy with Allianz’s response to his complaint, the case was passed to me to decide. I issued my provisional decision on 12 January 2023, allowing both parties an opportunity to provide further information before I made my final decision.

I’ve included an extract from my provisional decision below:

“I should point out that my decision deals only with events which took place up until the date of Allianz’s last final response letter. Mr S raised a further complaint in February 2022 and Allianz responded to this in March 2022.

If Mr S wishes to complain about events which took place after the date of the last final response letter, he’ll need to raise these matters with Allianz directly in the first instance, before this service can investigate.

There are numerous issues in this case, which isn’t unusual given that the claim has been ongoing for several years. However, having now liaised with both parties about this complaint, I’m going to focus my decision on the key outstanding issues in dispute.

Works to the living room

Mr S says these works are incomplete. Allianz says the work was carried out to a satisfactory standard and a certificate of structural adequacy was issued. I’ve seen a copy of the certificate of structural adequacy. This says that mitigation work was carried out to address the cause of the movement and cracking, following which Allianz was satisfied that the property was stable. It also confirms that superstructure repairs and redecoration were

also then carried out.

Mr S has sent me photographs of the cracking in the living room, but these photos pre-date the repairs and the certificate of structural adequacy. I'm persuaded on balance, therefore, from considering the content of the certificate issued and the other evidence on file, that the repairs have been completed and so I'm not currently minded to require Allianz to do anything further in relation to this area.

Works to the main bedroom

Mr S says the cracking to the overcote hasn't been repaired. Materials have been laid on top of the cracks and so Mr S believes the underlying problem hasn't been addressed and that he expects to have to dig up the floor in future once the failed overcote starts to affect the flooring. But the certificate of structural adequacy also covers the bedroom, though it is less detailed in its description of the problems that it suggests were addressed.

That being said, I've not seen enough evidence to persuade me that the overcote has actually failed and I consider the problems Mr S mentions to be hypothetical at present. So I'm not satisfied that there are any current issues with the repairs to the main bedroom. And I'm not presently minded to ask Allianz to do anything further in relation to this area.

Loss of rent

Mr S says market rates weren't paid when Allianz made payments to him for loss of rental income on the property. Allianz says it made numerous payments towards this and has provided me with evidence of all the payments it's made to Mr S.

I've considered the various emails between the parties regarding this issue and the evidence of payments made, but I haven't seen evidence from Allianz that the rental payments made to Mr S were in line with market rates and that they increased incrementally over time in line with any increases in market rates. Given that this was a loss for which Mr S is covered by his policy, I'd expect the loss of rent payments to be in line with market rates so that the payments properly indemnify Mr S for his losses, and so I'm going to provisionally require Allianz to go back through all payments made for loss of rent, and to ensure these increased incrementally over time in line with any increases in market rates.

If Allianz believes that all rental payments were in line with market rates, it must provide me with evidence of all the loss of rent payments made to Mr S and evidence of how it calculated these and ensured that these were in line with market rates.

Other payments

Allianz has confirmed it made numerous payments to Mr S for council tax, visits he made to the property and the time he spent dealing with this claim. It's also provided me with evidence of these payments being requested by Mr S and evidence that they were made in full. However, Mr S has said that the time he spent on this claim was not compensated for adequately.

I can see that there are numerous emails on file between the parties over the years, and that Mr S clearly went to considerable effort and spent a great deal of time over the years to try to sort out a claim that was taking much longer than it should've to deal with.

I'm satisfied, from the information Allianz has provided, that Mr S was paid for the council tax at the rate he requested. But I'll go on to deal with the time and effort he spent on this claim when I consider the overall distress and inconvenience payments made and due to him.

Distress and inconvenience caused

As I've said above, I've no doubt that Mr S spent considerable time and effort in dealing with Allianz and its contractors. I'm persuaded that this and the overall time taken to deal with the claim caused him distress and inconvenience for which he should be compensated.

Allianz says it paid Mr S £2500 overall for the distress and inconvenience he experienced as a result of its failings. Whilst I think this is a fair starting point to compensate Mr S for the time and effort he had to put in to deal with the claim up until October 2021 when the offer was made, I'm persuaded that Mr S has been caused distress and inconvenience over a sustained period since then and at least up to March 2022, due to the ongoing delays and handling of the claim. I find Mr S's detailed submissions plausible and I'm persuaded that his life was severely disrupted by the time it took to deal with the claim and that this disruption didn't only last for a few months or a year but for several years.

So I'm going to provisionally require Allianz to increase its offer of compensation to Mr S by a further £1000. This is in consideration of the overall length of time Mr S experienced trouble and upset, the considerable time and effort he spent in effectively managing the claim, and for the additional distress and inconvenience caused to Mr S between October 2021 and March 2022."

Both parties responded to my provisional decision. Mr S provided further information including evidence of the underpayment of rent. And Allianz responded to say that it accepted my provisional findings.

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.

Having done so, I'm upholding this complaint.

My reasons were set out in my provisional decision, an extract of which is included above, and as both parties have accepted my provisional decision, I see no need to depart from my provisional findings. So I'm issuing my final decision along the same lines as my provisional decision, as Mr S has requested.

Putting things right

I require Allianz Insurance Plc to do the following to put things right for Mr S:

- Increase any loss of rent payments made to Mr S that fell below market rate.
- Pay Mr S a further £1000 compensation for distress and inconvenience. This is in addition to the £2500 already paid by Allianz, bringing the total amount of compensation payable in this case to £3500.

I understand Allianz has made a payment to Mr S which reflects my provisional award, but Mr S has not yet received it. So if Allianz has already actioned the loss of rent payment and the distress and inconvenience payment once Mr S accepts this final decision, then it doesn't need to do anything further in relation to this complaint.

My final decision

My final decision is that I uphold this complaint and I direct Allianz Insurance Plc to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 3 March 2023.

Ifrah Malik
Ombudsman