

## **The complaint**

Mr R and Mrs R complain about Accredited Insurance (Europe) Ltd's handling of their home insurance claim.

## **What happened**

The background to this complaint is well known to both parties, so I'll give only a brief summary here. Mr R and Mrs R and Accredited can be assured I've read all the documents we have on file, including the correspondence between them.

Mr R and Mrs R have a home insurance policy underwritten by Accredited which covers their home and its contents, amongst other things.

They made a claim in May 2021 after a fire at their home. Accredited carried out some investigations. They had reservations about how the fire might have started, but they accepted the claim and agreed to cover the damaged contents and the necessary repairs to Mr R and Mrs R's home.

Mr R and Mrs R and their family moved into alternative accommodation in hotels, which Accredited agreed to pay for. In summary, Mr R and Mrs R were in hotels until they returned to their home in November 2021, some six months after the fire.

Mr R tells us he found a rental property but Accredited refused to pay for it. But they couldn't find suitable accommodation themselves and the hotel bills eventually cost far more than the rental he'd found would've cost. Mr R says he settled the bills for some of the alternative accommodation and hasn't yet been reimbursed by Accredited.

Mr R also tells us there was an agreement that Accredited would pay a £10 per person per day food allowance for the time the family spent in hotels. And that they'd cover incidental costs like laundry and car parking etc. He says he's never received any payments.

And, in short, the claim is still on-going. Accredited claimed at one point that they'd agreed a cash settlement (at £79,400) with the loss assessor working for Mr R and Mrs R. But Mr R and Mrs R say they didn't agree any such settlement, which they think is insufficient to pay for the repairs to their home and replacement of their damaged contents.

Mr R and Mrs R made complaints to Accredited about their handling of the claim, their failure to pay for much of the alternative accommodation plus the incidental expenses and the supposed cash settlement.

Accredited didn't uphold the complaint. They said the settlement had been agreed with - and paid to - the loss assessor. They said they were covering alternative accommodation only to July 2021, when they'd agreed the cash settlement with the loss assessor. And any payments Mr R and Mrs R had made after that point weren't authorised.

They also said they'd suggested a site visit to agree the way forward and had requested further information from Mr R and Mrs R, but they hadn't received any response.

Mr R and Mrs R weren't happy with this response and brought their complaint to us. Our investigator looked into it and thought Accredited hadn't treated Mr R and Mrs R fairly.

He thought there had been unnecessary delays and confusion in the handling of the claim. He said Accredited should pay Mr R and Mrs R's accommodation costs up to November 2021 when they returned to their home - plus the food allowance and incidental expenses. And he said they should add interest at 8% simple to those payments.

He also said Accredited should pay Mr R and Mrs R £750 for the trouble and upset caused by their errors in the handling of the claim.

Accredited disagreed and asked for a final decision from an ombudsman.

Mr R and Mrs R agreed in principle with the outcome suggested by our investigator, but they thought the suggested £750 compensation wasn't enough given the trouble and upset they'd experienced.

### **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.

First of all, I should make it clear what exactly I can consider in this decision – and in particular, the time frames I can look at.

Our service operates according to rules (the dispute resolution, or DISP, rules) set out by the Financial Conduct Authority (FCA). Amongst other things, these rules say that we can only consider complaints that the financial business concerned has had a chance to consider – and potentially resolve – themselves.

The only exception would be where the business concerned consents to our investigating the case despite their not having had an opportunity to look into it.

Mr R and Mrs R brought their complaint to us after they'd received a formal final response to their complaint(s) to Accredited. That final response was issued on 22 April 2022. Accredited have not consented to us looking into events after that date.

I understand the claim is still on-going and possibly still subject to some debate between Mr R and Mrs R and Accredited. However, I can't look into anything that's happened since Accredited's final response to Mr R and Mrs R's complaint in April 2022.

If Mr R and Mrs R aren't happy with Accredited's actions – or omissions – after 22 April 2022, they will need to make another complaint to Accredited and then bring that to us if they aren't happy with Accredited's response.

I hope Mr R and Mrs R will understand that means I'm not going to instruct Accredited how to finally settle the claim. It's not for us in any case to act as substitute claims handlers or loss adjusters for Accredited. That's not our role and we're not empowered to do it.

I should also say at the outset that things have moved on since our investigator offered his view on the case. Accredited have accepted that the claim was mishandled and have agreed to pay £750 compensation to Mr R and Mrs R for the trouble and upset that caused them.

They've also agreed to pay Mr R and Mrs R's alternative accommodation costs through to November 2021 and their incidental expenses, subject to the provision of acceptable invoices and/or receipts. And to pay interest at 8% simple on those payments.

I agree with Accredited that the claim has been mishandled at times. There have been avoidable delays in the progress of the claim. The attempts to provide suitable alternative accommodation for Mr R and Mrs R and their family were at times confused and delayed. And communications with the loss assessors appointed by Mr R and Mrs R appear to have been sub-optimal to say the least.

The confusion and delay wasn't all caused by Accredited. The loss assessors appointed by Mr R and Mrs R have certainly also played their part in that. And I note that Mr R and Mrs R dispensed with the services of the loss assessor at about the time Accredited claim to have struck an agreement with the loss assessor about the final cash settlement (in July 2021).

I'd also say that Accredited were perfectly entitled to carry out investigations to validate the claim, particularly given the very legitimate concerns about the cause of the fire. And those investigations inevitably took some time.

However, Accredited have quite rightly accepted responsibility for their part in the delays, poor communication and confused handling of the claim. And I don't therefore need to go into any great detail about exactly what went wrong and when and how.

As I say, Accredited have also agreed to pay for the alternative accommodation through to November 2021, subject to provision of proof that the expenditure was incurred. They've also agreed to cover Mr R and Mrs R's "*living costs*" (their term) for the period they were in alternative accommodation.

### **Putting things right**

Mr R and Mrs R spent around six months out of their home in alternative accommodation. They were inevitably going to have to move out of their home after the fire. But the time they spent out of their home might have been shorter had the claim been handled well.

Mr R and Mrs R might also have spent the majority of that time in more settled alternative accommodation. As it was, they moved between different hotels several times, which was both disruptive and inconvenient.

Given the circumstances, the time of year and the location (an area with a substantial holiday industry), Accredited might have been more willing – more quickly – to agree to pay for suitable rental accommodation.

All of that caused distress, worry and inconvenience for Mr R and Mrs R. And Accredited might reasonably be held responsible for the extent of that trouble and upset (their experience might have been considerably easier if they'd been in rental accommodation for much of the time).

Accredited are also responsible for delays which may have lengthened the period in alternative accommodation. Although, given the nature of the claim and the investigations legitimately carried out by Accredited – and the delays for which the loss assessors were at least partly responsible - it's by no means clear that the period Mr R and Mrs R spent out of their home would have been more than a month or two shorter at most.

Mr R and Mrs R have also been caused stress and worry over the period during which Accredited were (wrongly, in my view) refusing to cover accommodation costs after July

2021. Those costs, for accommodating a family in a hotel, in a popular holiday destination, in summer, were considerable. Mr R and Mrs R had to cover those costs – and for several months were unsure whether they'd ever get that money back.

Mr R and Mrs R have also been worried about the claim itself and the time taken to resolve it. Again, they have been unsure about whether they would receive adequate cover for their losses. And those concerns might have been addressed much sooner by Accredited.

Even if it wasn't yet possible to agree a final settlement, Mr R and Mrs R's concerns and fears might have been minimised by better communication about how Accredited were progressing the claim and what issues they were considering at any given time. That communication appears to have been completely lacking.

As I say, Accredited don't dispute that their errors in handling the claim have caused Mr R and Mrs R trouble and upset. That's why they've now offered to pay £750 to Mr R and Mrs R in compensation. Mr R and Mrs R didn't accept that because they felt the offer was too low.

On our website, we explain how we look at compensation for trouble and upset and what awards we think are appropriate in what kinds of cases. We say awards of between £300 and £750 are appropriate where the customer has experienced considerable distress, upset and worry and/or significant inconvenience and disruption over many weeks or months.

Our investigator recommended an award at the top end of that bracket. And Accredited also then offered £750 to Mr R and Mrs R.. I'm satisfied that's a fair and reasonable outcome in this case.

I know this will disappoint Mr R and Mrs R, who felt £750 was inadequate, given their experience. But I think the trouble and upset they suffered was in line with description given on our website for the £300-£750 award bracket. And the award I'm making here is at the very top end of that bracket.

I've borne in mind that Mr R and Mrs R were always going to suffer considerable trouble and upset as a result of the fire – which Accredited did not cause. And I'm looking here only at the *additional* trouble and upset caused by Accredited's failings. And I should also stress that I'm looking only at the period up to 22 April 2022 when Accredited issued their final response to Mr R and Mrs R's complaint(s).

When Mr R and Mrs R made their complaint to us, as well as compensation for their trouble and upset, they wanted Accredited to accept that the sum paid to the loss assessor which was agreed in July 2021 (according to Accredited) should be an interim payment only, rather than full and final settlement of the claim.

And they wanted Accredited to pay for their alternative accommodation through to November 2021 and for their incidental expenses in that period.

In this decision, I'm requiring Accredited to progress the claim, on the assumption that no final cash settlement figure has yet been agreed. And to pay of the alternative accommodation and other expenses (with 8% simple interest). And I'm requiring Accredited to pay compensation, albeit not with any increase from the amount suggested by our investigator.

So, Mr R and Mrs R's complaint points have all been addressed and I assume their only remaining dissatisfaction will be with the amount of compensation awarded.

I should be very clear about how I expect Accredited to implement this decision. In particular

about the interest I'm requiring them to pay and the incidental expenses I'm requiring them to cover.

The interest at 8% simple – on both the alternative accommodation costs and the incidental expenses - should be calculated from the date Mr R and Mrs R paid out the relevant sums to the date Accredited make this payment.

Mr R and Mrs R should be able to provide proof of making the payments for alternative accommodation costs – and Accredited are entitled to ask them to do so. Mr R tells us he has already provided such proof and if so, there should be no delay in Accredited making the payment.

When it comes to incidental expenses, the industry standard – which we think is fair and reasonable – is to pay a disturbance allowance at £10 per adult per day and £5 per child per day, for each day in alternative accommodation that doesn't have the cooking or washing facilities, for example, that a home might usually have.

This allows customers to be paid the daily allowance without having to collect receipts or invoices for every single transaction. If reasonable incidental expenses go beyond that amount, it would be fair and reasonable for the insurer to ask for proof of the expense(s) incurred.

So, for every day that Mr R and Mrs R and their family were in a hotel, I'd expect Accredited to pay £10 per adult and £5 per child, as a minimum, without requiring receipts or invoices or other proof of expenditure.

If Mr R and Mrs R wish to claim more than that for any particular day or days, Accredited would, in my view, be entitled to require reasonable proof of the expenditure over and above the standard £10 per adult / £5 per child.

### **My final decision**

For the reasons set out above, I uphold Mr R and Mrs R's complaint.

Accredited Insurance (Europe) Ltd must:

- accept that the payment (£79,400) allegedly agreed with Mr R and Mrs R's loss assessor in July 2021 was not a full and final cash settlement of the claim;
- progress the claim in a timely manner, assuming cooperation from Mr R and Mrs R;
- assuming acceptable invoices and/or receipts and/or other proof of payment have been or will be provided, pay Mr R and Mrs R's remaining alternative accommodation costs through to November 2021;
- pay a disturbance allowance at £10 per adult and £5 per child per day for the time Mr R and Mrs R spent in alternative accommodation;
- assuming invoices and/or receipts or other proof of payment are provided, consider any claims Mr R and Mrs R make for additional disturbance allowance payments over and above the standard rate;
- pay interest, at 8% simple, on the alternative accommodation and disturbance allowance payments set out above, calculated from the date Mr R and Mrs R incurred the expenditure to the date Accredited Insurance (Europe) Ltd make these

payments;

- pay Mr and Mrs R £750 in compensation for their trouble and upset.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R and Mrs R to accept or reject my decision before 14 March 2023.

Neil Marshall  
**Ombudsman**