

The complaint

Ms F complains about U K Insurance Limited's handling of a claim she made after an escape of water affected her flat.

What happened

The background to this complaint is well known to both parties, so I'll provide only a brief summary here. But I'd like to assure both Ms F and UKI that I've carefully considered all the information we have on file relating to this case.

Ms F lives in a housing association flat covered by an insurance policy underwritten by UKI. The policy covers buildings and contents, amongst other things.

Ms F made a claim in January 2022. After returning from a break, she discovered her flat had been severely affected by a water leak from the flat upstairs.

UKI accepted the claim and, within days, their appointed loss adjuster had carried out an inspection of Ms F's flat. In reasonably short order, a plan of action was formulated – strip out of the affected areas would be carried out, then drying of the property, followed by reinstatement.

UKI suggested Ms F might like to get quotes for the strip out and reinstatement work. But by around early February, Ms F had agreed with UKI that they would appoint contractors to carry out the work.

Ms F was also concerned about staying in the flat, given that there were large areas which were damp and the front door couldn't be opened or properly closed. UKI agreed to provide alternative accommodation. Ms F moved into a hotel in mid-March 2022 and later into a rental property.

Ms F made a complaint to UKI about the delay in moving her into alternative accommodation. And she's also complained to them about delays in the handling of the claim and poor communication and customer service.

UKI provided a final response to these complaints on 2 December 2022. At this point, the claim was still on-going, with the strip out works still not completed.

UKI admitted that their initial decision not to move Ms F into alternative accommodation until the repair works started was wrong. They also admitted that there had been avoidable delays and failures in the communication between the loss adjuster and Ms F in particular.

UKI offered Ms F £500 in compensation for her trouble and upset. And they said her alternative accommodation would be extended until February 2023, when the works should be completed, assuming she cooperated with the loss adjuster in agreeing the works to be carried out and their timing.

Ms F wasn't happy with this and brought her complaint to us. Our investigator looked into it and thought the complaint should be upheld.

He asked UKI to increase the compensation offered to Ms F to £750. He also said they should:

- complete the strip out works;
- provide an updated report (including moisture testing and setting out any further damage which had occurred in the flat due to its being left unoccupied and/or damp for so long);
- provide a timeline for the repairs / reinstatement; and
- extend Ms F's alternative accommodation until the works had been completed and she could move back into her flat.

Ms F disagreed with the proposed outcome and asked for a final decision from an ombudsman. She doesn't think the proposed compensation adequately covers the trouble and upset she's experienced as a result of UKI's failings. She also felt we should direct UKI in detail about what needs to be done to ensure her claim is handled correctly from now on

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.

This claim has become quite complicated. But the crux of the complaint is relatively simple. Ms F says her claim has been unnecessarily delayed and communication has been poor. And UKI don't dispute that.

I'll come to those issues in more detail below, but I need first to clear up exactly what our investigation - and this decision – can legitimately cover, particularly in terms of the time frames I have to apply.

Our service operates according to rules (the dispute resolution, or DISP, rules) set out by the Financial Conduct Authority (FCA). Those rules dictate how we carry out our work. And they give us any powers we have to require financial businesses to take any action(s) we specify.

Those rules say that we can't look into a complaint unless and until the financial business concerned has had a chance to look into it and/or resolve it themselves. The only exception would be where the business consents to our looking into things before they've had a chance to do so. We don't have consent from UKI to do that in this case.

Ms F first complained to UKI in February 2022. Their final response to her complaints was issued on 2 December 2022. It was the matters addressed in that final response that Ms F was entitled to refer to us. And that we're entitled to look into now.

I understand Ms F has now made a further complaint to UKI – about delays, poor communication and other things since 2 December 2022. Ms F would be entitled to make a further complaint to us about those matters if she's not happy with UKI's response.

However, because we have to act in accordance with the DISP rules, in this decision I can only look into events up to 2 December 2022. And any compensation I award will only cover the period between the claim being made (in January 2021) and the issuing of UKI's final response to Ms F's complaint on 2 December 2022.

I can understand Ms F's frustration with this. And I can understand why she wants us to instruct UKI about what exactly they need to do now to resolve matters satisfactorily. But it's not for us to become surrogate claims handlers – we're a complaints-handling organisation and we have neither the capability nor the legal powers to involve ourselves in the minute detail of on-going claims.

I'll turn now to the substance of the matters I can consider in this decision.

UKI have admitted that their initial decision to put Ms F in alternative accommodation only as and when the repair works were being carried out was mistaken.

The claim was made in mid-January 2022 and the loss adjuster's first report was very soon after that. Ms F only moved into alternative accommodation in mid-March 2022. So, she spent two months living in conditions that were far from perfect and which UKI now admit she shouldn't have lived in.

Whilst Ms F had all basic facilities available to her during that period, it was a mistake by UKI to leave her in the flat – as they now admit. And living there, without use of the front door, with concerns about security and with much of the flat affected by the escape of water from upstairs, must have been both stressful and inconvenient for Ms F.

Other than that, UKI's initial handling of the claim appears to have proceeded reasonably well. UKI were quick to get a loss adjuster to visit. The loss adjuster formulated a plan of action speedily – and UKI were quick to react when Ms F said she wanted them to find contractors to carry out the work.

However, from around April 2022, things appear to have gone downhill pretty quickly and fairly severely. From UKI's own claim notes, it appears to have taken around 6-8 weeks for the schedule of works (for which a draft was available from around early March) to be approved.

It's then around another six weeks before the contractors are scheduled to start the strip out work (in mid-May). That may simply be down to availability, but when the contractors arrived to do the work, the loss adjuster didn't turn up to let them in to the property or instruct them.

By the time the various parties had bottomed out what had happened, it was another few weeks or so before the contractors could return. And, on this occasion, the contractors didn't turn up at all on the agreed date (in late May).

Communication with Ms F was limited through this period – if not non-existent. It wasn't until mid-July that the loss adjuster was in touch with Ms F. And it appears all that happened at that point was that they agreed the strip out works could start as soon as possible.

According to UKI's claim notes, nothing at all then happens through the rest of July and the whole of August.

In mid-September, the loss adjuster discussed progress with Ms F. Ms F at this point appears to ask the loss adjuster to consider damage to her living room ceiling which has now become apparent, and which may have been caused by the escape of water. She also raises concerns about the replacement (or not) of the underlay through much of the flat, which appears to have been affected by the escape of water.

These are matters which may not have been raised before – but arguably should have been picked up at the outset by the loss adjuster. And in any case, they should not have caused any great delay.

However, according to the claim notes, nothing at all happens in the rest of September or in October, until the loss adjuster produces a progress report on 25 October.

When, in November 2022, Ms F questions what progress has been made, the loss adjuster arranges asbestos testing at the flat. The obvious question being why this hadn't been addressed sooner. And he says the strip out is 90% complete.

At this point, the loss adjuster appears to suggest that any delays are down to Ms F failing to cooperate with him and/or the contractors to arrange dates and/or to confirm material choices for the reinstatement works etc. He says he's been trying to contact Ms F "*for a week or two*". Which begs the question what happened in the eight or nine months *before* that week or two?

At this point, it seems to me, Ms F doesn't wish to confirm her material choices for the reinstatement works because she's concerned that UKI aren't intending to take out the underlay – which, on the face of it, is still damp. And because the flat is now badly affected by mould – at least according to the photographs Ms F has sent us.

In essence, Ms F – quite understandably – wants to know what UKI are planning to do about those issues. And she's concerned that they don't simply reinstate her property on top of the damp and mould.

It's possible UKI – or the contractors – have a plan about how to deal with those matters, but I can't see any evidence that they shared any such plan with Ms F or attempted in any other way to allay her fears.

Indeed, her concerns may well have been exacerbated by the loss adjuster's insistence that the flat had dried naturally and no longer need drying before the reinstatement works commenced.

I can see from the evidence we have on file that Ms F hasn't always responded immediately to the loss adjuster's or contractor's questions and/or requests to discuss the works – albeit sometimes with good reason. I can also see that there was a month or so when Ms F had – and then was recovering from – a medical operation and didn't want any work carried out on the flat in that period.

However, the attempt to shift the blame on to Ms F for the delays in the handling of this claim is entirely unjustified and unfair. The works set out at the outset – strip out, drying and reinstatement – might usually be expected to be relatively simple and to take three or four months at most.

Instead, by December 2022, when UKI issued their final response to Ms F's complaints, she was still waiting for completion of the strip out works.

There's no possible justification for that delay, in all the circumstances. And I'm pleased but not surprised that UKI have admitted that in their final response to Ms F's complaints.

To UKI's credit, they've also admitted that communication with Ms F through the handling of the claim has been poor. And, as I say, they've also admitted that Ms F should have been in alternative accommodation from the outset.

Putting things right

I agree with our investigator about what UKI need to do now to progress the claim and allay Ms F's legitimate concerns.

As soon as practically possible, UKI need to ensure the strip out works are completed (if these haven't been completed as yet).

They then need to get expert assurance that the property is dry. And if it isn't, they need to engage drying specialists to make it so.

UKI must then provide an updated report – which should be shared with Ms F - which identifies all the remaining work required at the property. This should address the issues around the underlay and the mould. And it should address whether the other damage identified by Ms F as the claim has gone on – including the damage to the living room ceiling – is claim-related (and if so, how it is to be repaired).

They then need to carry out those works. And pay for Ms F's alternative accommodation until those works are complete.

I hope some of these steps may already be underway – or even complete – since the time this case was referred to me for a final decision.

I'll turn now to the compensation to be awarded to Ms F.

To go back to the clarification I gave above, I am only looking here at the period up to 2 December 2022. I know Ms F wishes to complain about UKI's handling of the claim since then. If UKI have made further errors, then any compensation for trouble and upset suffered by Ms F in the period *after* 2 December 2002 will be addressed as part of the consideration of the new complaint(s) Ms F has made – or will make.

Between mid-January and 2 December 2022. Ms F spent around two months living in a flat which UKI subsequently admitted should have been deemed uninhabitable. That was undoubtedly stressful and inconvenient for Ms F.

After that point (in mid-March 2022), Ms F was out of her own flat for another eight or nine months up to 2 December 2022 (I'm aware she was still not back in her flat through to February 2023, but as I've explained, in this decision I can only look into the period up to 2 December 2022).

UKI didn't cause the escape of water in the upstairs flat. And Ms F was always going to suffer considerable distress and inconvenience as a result of that.

So, what I'm looking at here, in order to decide the appropriate compensation, is the additional time Ms F has spent out of her flat as a result of UKI's errors or failings.

It wouldn't have been unreasonable for the work to start up to around six weeks or so after the claim was first made, given the need for UKI to assess the property, scope the work and find contractors. And given the fact that they reasonably believed for a period of time that Ms F was looking for contractors herself. That would take us to around the end of February.

It then wouldn't have been entirely unreasonable in all the circumstances if the work had taken up to around four months or so, given the need for drying out and the presence of asbestos in the property.

All in all, that would take us to around the end of June. It's then five more months – until early December - before UKI issue their final response to Ms F's complaint.

So, what I'm looking at in this decision, when assessing Ms F's trouble and upset, is two months in an uninhabitable flat - and then five additional months in alternative accommodation over and above the time that would be reasonably necessary to conclude the repairs in a claim like this.

For those additional months, Ms F lived in acceptable alternative accommodation, with all the necessary facilities. So, whilst it's not pleasant to be out of one's own home, Ms F wasn't living in sub-standard conditions.

I also have to take into account the additional stress and worry caused for Ms F by UKI's failure to communicate effectively with her over the period between around the end of March (up until then the communication is reasonably regular, timely and clear) and early December 2022.

During that period – of around 8 months – Ms F regularly has to chase UKI for progress reports and updates – which caused her a degree of inconvenience. Often, in that period, it was immediately apparent to Ms F that no effective progress was being made – at the very least, not until she pushed for it. That must have been stressful and concerning.

And, particularly in the later part of that period, it appeared UKI weren't listening to what Ms F was telling them – for example, about the damp underlay and/or the mould growing in the flat. And they certainly weren't giving her any reassurance that those issues would be addressed – or that UKI would take into account the further damage she'd reported to them.

Persistently asking Ms F to choose materials for the reinstatement, when she had made it clear she didn't want to choose materials – and effectively let the work go ahead – until her questions about the drying out of her flat had been resolved, was unfair and unreasonable. And it wasn't likely to lead to the claim being progressed.

That must have been stressful and very frustrating for Ms F given her reasonable desire to have the repairs carried out in an effective manner.

Taking all of that into account, I agree with our investigator that the £500 offered by UKI wasn't sufficient to compensate Ms F for the trouble and upset she was caused by UKI's errors and failings.

I also agree with him that £750 is an appropriate amount of compensation – for the specific period I'm allowed to consider in this decision.

We set out our views on compensation for trouble and upset on our website. We say there that we think awards of between £300 and £750 are reasonable and appropriate where a customer has suffered considerable distress, upset and worry – and/or significant inconvenience and disruption – over many weeks or months.

In my view, that is exactly the kind of trouble and upset Ms F has experienced in this case. And an award at the very top end of that bracket is fair and reasonable in all the circumstances of this case.

Again, I should repeat, that award covers the period from the start of the claim, in January 2022, through to 2 December 2022, when UKI issued their final response to Ms F's complaints (up to that point). Any alleged errors or failings on UKI's part beyond that date must be the subject of a new complaint (or complaints).

My final decision

For the reasons set out above, I uphold Ms F's complaint.

U K Insurance Limited must:

- complete the agreed strip out works as soon as possible (if they aren't already complete);
- get expert confirmation that the property is dry and/or, if it isn't, carry out drying as soon as practically possible;
- provide an updated report (to be shared with Ms F) setting out the remaining work to be carried out – this should cover the issues with the underlay and the mould and should set out whether any additional damage reported by Ms F since she made the original claim is covered by the policy;
- complete any remaining reinstatement works as soon as practically possible;
- pay for Ms F's alternative accommodation until the works are completed (assuming Ms F cooperates reasonably with the process); and
- pay Ms F £750 in compensation for her trouble and upset.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms F to accept or reject my decision before 9 March 2023.

Neil Marshall
Ombudsman