

The complaint

Mr and Mrs D are unhappy with the way U K Insurance Limited (“UKI”) handled a claim they made on their home insurance policy for subsidence.

As Mr D primarily dealt with things, for simplicity I’ll refer to him only.

Reference to UKI includes its agents and representatives.

What happened

The circumstances of this complaint aren’t in dispute, so I’ll summarise the main points:

- Mr D got in touch with UKI in April 2021 about damage to his home. UKI appointed a loss adjuster, who accepted the damage had been caused by subsidence and was covered by the policy. The loss adjuster arranged for site investigations, including soil and drain testing.
- The outcome of those investigations was shared with Mr D in September 2021. The loss adjuster confirmed the subsidence had been caused by vegetation drying the clay subsoil. It appointed an arborist to survey the nearby vegetation.
- In January 2022, the arborist’s survey was shared with Mr D. It recommended removing various vegetation belonging to Mr D, which was later arranged. It also recommended removing trees belonging to his neighbour. The loss adjuster agreed to get in contact with the neighbour about this and did so a month later.
- Shortly after, the neighbour agreed in principle to removal of their trees, subject to details about replacement trees. Discussions continued but, by June 2022, the details had yet to be agreed and the trees remained in place.
- Mr D complained about the way UKI had handled the claim, particularly the time it was taking. UKI accepted there were delays and its communication was lacking. It conceded that Mr D had to chase matters and his queries weren’t always responded to in a timely manner. It offered him £600 compensation.
- By late July, no further progress had been made and Mr D complained again.
- UKI said it was taking steps to have the neighbour’s trees removed, but it couldn’t do so without their agreement. It acknowledged continued communication issues and offered Mr D a further £100 compensation.
- Our investigator didn’t think £700 compensation fairly reflected the impact of the poor service UKI had provided. He said it should be increased to £900 based on what had happened up until UKI’s complaint response in September 2022.

- Mr D didn't think the increased compensation our investigator suggested fully reflected the distress and inconvenience he and Mrs D had endured during the claim.
- UKI didn't agree to increase compensation. It acknowledged the service had been poor at times but it thought £700 was reasonable in the circumstances.

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.

The scope of this complaint is the way UKI handled the claim from the outset to its complaint response in September 2022. I'm aware the claim has continued, and I understand Mr D has raised a further complaint about events since then. That's being considered separately, so I won't comment on anything that happened after the September 2022 complaint response.

UKI is responsible for any agent it appoints, such as the loss adjuster and any companies carrying out investigations on its behalf. The scope of the complaint includes these agents. But I can't hold UKI responsible for any other parties, such as the neighbour.

Whilst I've read and considered everything provided by both parties, I won't comment on each and every step of the claim in detail. That reflects the informal nature of this Service. I'll limit my comments to the points I consider are most relevant to my decision.

UKI has a duty to handle claims promptly and fairly. It's not in dispute that it failed to do that here. It accepts it caused avoidable delays and didn't communicate as proactively as it ought to have done. UKI has offered a total of £700 compensation as a result. The key question for me is whether that goes far enough to fairly compensate Mr and Mrs D for the impact of UKI's failures.

Looking back over the history of the claim, there were significant delays carrying out the initial investigations and establishing the cause of the subsidence problem. It took around nine months from the start of the claim to identify the relevant trees. I would usually expect that to be a much quicker process, perhaps around three months.

After that, there was a delay of around a month getting in touch with the neighbour. They agreed to remove the trees in March 2022 – but by the end of the scope of this complaint, September 2022, the trees remained in place. This was because an agreement about replacement trees hadn't been reached.

Whilst UKI can't force the neighbour to agree, it can proactively and persuasively encourage the neighbour to do so. But initially it largely left Mr D and his tree surgeon to carry out negotiations, and, when it did get involved, it didn't always add meaningfully to discussions.

It's difficult to predict what the neighbour would likely have done had UKI dealt with this more effectively. It's possible that even with prompt and compelling contact, an agreement wouldn't have been reached. But at least then there would have been a clear and firm position with the neighbour and alternatives to stopping the movement could have been progressed. Instead, the matter continued, without tangible progress, over many months. So I think it's fair to say several more months of delays were caused during this time.

During the claim, UKI's communication with Mr D was often reactive and slow. UKI has accepted that. It meant, particularly in the earlier stages of the claim, Mr D didn't know what was happening, or when he could expect the next steps to be taken. That would naturally have added to the distress and inconvenience of the delay.

From the outset, Mr D was clear that his wife was seriously unwell, and that they planned to move home soon. The ongoing claim has made moving much more difficult than it ordinarily would be and has no doubt added to Mr and Mrs D's difficulties.

Taking everything into account, I'm satisfied our investigator's suggestion of £900 compensation in total is reasonable, bearing in mind the length of the delays and the impact on Mr and Mrs D. If UKI has already paid any of the compensation amounts it previously offered Mr and Mrs D, it need only pay the remainder.

My final decision

I uphold this complaint.

I require U K Insurance Limited to pay a total of £900 compensation*.

*UKI must pay the award within 28 days of the date on which we tell it Mr and Mrs D accept my final decision. If it pays later than this, it must also pay interest on the award from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D and Mr D to accept or reject my decision before 5 September 2023.

James Neville
Ombudsman