

The complaint

Mr S complains Allianz Insurance Plc handled his subsidence claim poorly.

Mr S has been represented for the complaint. For simplicity I've referred to the representative's actions as being those of Mr S. I've done the same for Allianz's agents and contractors.

What happened

Mr S made a subsidence claim against his Allianz home insurance policy. In 2013 Allianz removed vegetation to prevent further movement. The insurer monitored the property from 2014 to 2017. Reinstatement work, including superstructure crack repairs and redecoration, began in June 2021. In July 2021 Allianz agreed to pay for alternative accommodation (AA) as the property was difficult to live in during works.

Mr S was unhappy with various aspects of the repair – including timescales, additional damage to contents and the re-emergence of cracks following repair. In June 2022 Allianz responded to a complaint from Mr S. It apologised for delays with repairs and moving back to the property. It offered £500 to recognise the distress and inconvenience caused.

Mr S wasn't satisfied so came to this service. He asked this service to consider a range of issues. These include requiring Allianz to inspect his home and consider damage he feels may be the result of ongoing subsidence. He also wanted various items he feels were damaged in storage or onsite by Allianz's contractors to be replaced. In addition Mr S would like more compensation for the distress and inconvenience Allianz has caused.

In January 2023 our investigator considered the complaint. He felt the compensation already offered was a fair amount. He felt Allianz should reimburse the cost of an engineer's report. He recommended it attend the site to discuss the quality of rectification works and examine the new cracks – and items reported as damaged by Mr S. Finally he recommended simple interest be paid on payments made to reimburse the cost of AA. Allianz didn't accept that outcome. So the complaint was passed to me to decide.

I recently issued a provisional decision. As its reasoning forms part of this final decision I've copied it in below. In it I explained why I didn't intend to require Allianz to attend the site to discuss the repairs, replace various damaged items or reimburse the cost of Mr S' report. I also set out why I intended to ask Allianz to pay simple interest on the AA costs. Finally I invited Mr S and Allianz to provide anything further they would like me to consider before issuing my final decision.

what I've provisionally 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.

As this is an informal service I'm not going to respond here to every point or piece of

evidence Mr S and Allianz have provided. Instead I've focused on those I consider to be key or central to the issue. But I would like to reassure both that I have considered everything provided.

Mr S has provided various photos of cracks to the interior of his home. He's concerned this is continuing subsidence or ineffective repair by Allianz. It inspected the cracks in May 2022. It says there's nothing to suggest its continuing subsidence movement. It says the previous monitoring showed movement within tolerance. It also denies these issues are the result of its poor workmanship.

Allianz believes the cause is most likely defects in the construction of the property. It refers to its engineers' comments on a lack of lateral restraint due to removal of a roof truss – and a lack of horizontal support due to the removal of a central wall. It says alternatively the cracks are caused by standard thermal fluctuations that properties experience.

I've considered everything Mr S has provided – including an October 2021 report from an engineer. The report raises some potential concerns – but ultimately its inconclusive. So currently I'm more persuaded by Allianz's position that there isn't any continuing subsidence – or further claim related damage. And having considered its position on the repair schedule of works I'm not persuaded there is a need for a further site visit as recommended by our investigator.

This service often requires insurers to reimburse policyholders the cost of their technical reports – but usually only when we feel such a report has made a difference to the claim. I can't see that is the case for the October 2021 report. So I don't intend to require Allianz to reimburse Mr S its cost.

Mr S wants Allianz to replace various items he feels Allianz is responsible for damaging. He believes the damage was caused by its storage provider or contractors on site. The items include a television, carpets and wardrobes.

Allianz doesn't accept its liable for any of this damage. It says Mr S signed an agreement to state items had been returned from storage in a suitable condition. It denies any responsibility for damage to items on site. It says its contractors didn't move the items or work in the rooms they were stored in. It also adds Mr S' own contractors may have been responsible. Ultimately Allianz doesn't accept there's any evidence to show its responsible for the damage.

I accept its possible Allianz is responsible for damaging some or all the items. But if I'm to fairly require it to replace them I'd need to be persuaded its most likely responsible for damaging them. However, that's not the case here. I haven't been shown anything to demonstrate the condition of the items before the repair process and after. Allianz raises fair points about the lack of evidence its contractors are responsible – as well as the possibility that others may be. So I don't intend to require Allianz to replace any of these items.

Allianz didn't agree to paying interest on the AA reimbursement. It said the property Mr S rented, without its agreement, wasn't equivalent to his own. It adds the costs was twice what it should have been. It feels as the costs were outside its liability a period to validate the payment was reasonable.

I note Allianz's point on this. I can understand why it didn't pay out in August 2021 when it was provided with an unprofessional looking invoice. And I agree it's

reasonable to take steps to validate the payment. However, Allianz hasn't explained why it took so many months to complete that process and raise payment.

So to make up for Mr S being without the £9,000 for an unreasonably long period it will need to add simple interest from the date he paid the rent until the date Allianz reimbursed him.

Mr S feels £500 compensation isn't enough to recognise the impact of Allianz's poor handling of the claim. I've considered everything he's said – including the inconvenience involved, the distress to him and his family. He's particularly frustrated with Allianz's communication and planning. The repair has taken considerably longer than might usually be expected. Not all the delays can be attributed to Allianz – but a fair amount of it does seem likely to be its responsibility.

Mr S has referred to a family member's medical condition worsening in recent times. However, I can't fairly attribute this to poor service by Allianz. I'd need something to show a direct link between the two. I also need to consider that Mr S and his family were provided with AA for a significant period of the repairs. I accept being in AA can be an inconvenience. However, it will likely have reduced the impact of the disruption caused by the extended period of repair. So overall I feel Allianz's offer of £500 compensation is enough. So I don't intend to require it to pay anything extra.

Finally Mr S asked that Allianz investigate the source of a damp smell. As far as I've seen this hasn't been reported to the insurer yet – or hasn't been the subject of a complaint. So it wouldn't be appropriate for me to consider that issue here. Mr S should pursue it with Allianz before raising it with this service.

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.

Mr S provided some information about the collection and return of some of the damaged items. However, it wasn't enough to change my position. I'm still not persuaded there's enough to show Allianz's contractors are most likely responsible for the damage. So I'm not going to require it to replace any of the items.

I wasn't provided with anything to change my mind on any other aspects of the complaint. So my final decision is the same as that set out in my provisional decision.

My final decision

For the reasons given above, I require Allianz to pay Mr S simple interest on the AA payments – from the date he paid the rent until the date Allianz reimbursed him. I don't require it to do anything further to resolve the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 23 August 2023.

Daniel Martin
Ombudsman