

The complaint

Miss S complains about U K Insurance Limited (trading as Direct Line – ‘UKI’)’s handling of her Buildings Insurance claim.

All references to UKI also include its appointed agents.

What happened

The details of this complaint are well known to both parties, so I won’t repeat them again here. Instead, I’ll focus on giving my reasons for my decision.

What my final decision covers

Miss S previously complained to UKI about the handling of her claim. UKI provided a final response to this in May 2021. UKI provided a second final response to a further complaint from Miss S in April 2022. A third complaint was then made by Miss S to UKI around August 2022. My decision covers events following UKI’s final response to Miss S’s first complaint in May 2021 up to July 2022.

Any reference to events outside of these dates is for the purpose of answering this complaint only.

I want to assure Miss S I’ve read and considered everything she’s provided very carefully. However, my findings focus on what I consider to be the central issues, and not all the points raised. This isn’t intended as a discourtesy.

My provisional decision

I issued a provisional decision on 3 March 2023. In my provisional findings, I said:

“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 intending to uphold this complaint for these reasons:

- *Subsidence claims are by nature very inconvenient and can take considerable time to resolve. However, I’ve identified a significant and avoidable lack of progress in the claim during the time considered for this complaint – which has been caused by UKI’s actions.*
- *UKI have accepted it has caused avoidable delays in the progress of the claim. Significant issues UKI itself highlighted were in instructing its contractors to validate a scope of work. A further significant delay occurred regarding the scope of works, with documentation not being referred – and this not being recognised by UKI for around five months.*
- *I can also see there have been issues with incorrect reports and correspondence detailing three drains had been repaired at the property, which later turned out to be incorrect (only one drain was repaired).*
- *The relationship between Miss M and UKI’s contractors had clearly broken down*

when she asked UKI to change them. Considering the circumstances and delays already established, I don't think it was unreasonable for UKI to have considered this request - but I've not seen anything that persuades me it did consider it.

- I also consider the additional impact the above has had on Miss M, to what was by nature an already stressful situation (having an active subsidence claim on her property).*
- As of July 2022, Miss S has described the property as continuing to subside, with further damage presenting itself. She's also spoken of the impact it had on her day-to-day life and the concern regarding her children continuing to live in the property.*
- UKI would have an obligation under the terms of the conditions of the policy to put Miss S back in the position she would have been in prior to the subsidence occurring. Meaning it would be obligated to repair any subsidence related damage for a successful claim. But seeing her home continuing to deteriorate, with ongoing concerns it was becoming uninhabitable, would be distressing for anybody. And I think UKI's errors have contributed unnecessarily to this.*
- While UKI will need to carry out investigations to ensure any work it carries out resolves the issues and provides a lasting and effective repair, I would remind it, its obligated to do so in a timely matter. I acknowledge Miss S remains unhappy, and that she may consider bringing further complaint if issues continue.*
- Considering what I've set out above, for the timeframe considered under this complaint, I think Miss S has been significantly impacted for the reasons I've set out above.*
- In the circumstances, I consider further compensation is required and intend to direct UKI to pay Miss S £1,600 compensation as I think this fairly reflects the distress and inconvenience its failures have caused.*
- I note Miss S's comments regarding UKI waiving the excess required on her claim. However, an excess is a standard part of most Insurance policies and is required when making most claims. This is set out clearly under terms of policy, so I don't require UKI to waive this.*

My provisional decision

My provisional decision is that I intend to uphold Miss S's complaint and direct U K Insurance Limited trading as Direct Line to pay Miss S £1,600 compensation."

Responses to my provisional decision

UKI acknowledged it had received my provisional findings. It hasn't provided any further comments or evidence for me to consider. But it has asked me to provide a breakdown of how I've reached the amount of compensation I intend to direct it to pay.

Miss S hasn't provided any further comments or evidence for me to consider regarding this complaint.

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.

I've reconsidered all of the information available again, and as I've received no further comments or evidence to review, my decision and reasoning remain the same as set out in provisional decision.

As UKI is aware, our approach to compensation isn't formulaic. And I've clearly set out my reasoning and the issues, some of which UKI itself has identified, such as the documentation not being referred for around five months, in my provisional findings.

As I outlined in my provisional decision, I think the impact to Miss S has been significant. Miss S has described the property as continuing to subside, with further damage presenting itself. She's spoken of the impact it had on her day-to-day life and the concern regarding her children continuing to live in the property.

UKI have an obligation under the terms of the conditions of the policy to put Miss S back in the position she would have been in prior to the subsidence occurring. Meaning it would be obligated to repair any subsidence related damage for a successful claim. But seeing her home continuing to deteriorate, with ongoing concerns it was becoming uninhabitable, would be distressing for anybody. And I'm satisfied UKI's errors have contributed unnecessarily to this.

Therefore, I feel £1,600 compensation is a fairer reflection of the distress and inconvenience she's been caused because of UKI's actions and mistakes.

My final decision

My final decision is that I uphold Miss S's complaint.

To put things right I direct U K Insurance Limited trading as Direct Line to pay Miss S £1,600 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 17 April 2023.

Michael Baronti
Ombudsman