

The complaint

Miss D is unhappy with U K Insurance Limited trading as Direct Line (UKI) handling and settlement of a claim made under her home insurance policy.

What happened

In November 2021 during a storm, damage was caused to the main roof and an outbuilding roof at Miss D's property. So, Miss D made a claim to UKI, her home insurance provider.

UKI appointed their agent to inspect the damage and accepted the claim for the main roof and outbuilding roof. Parts were ordered by UKI's agent, and a later appointment made to complete repairs.

In March 2022 Miss D discovered the outbuilding roof was being replaced with a metal corrugated roof. She was unhappy with this, and with UKI's agents handling of her claim, so she cancelled the appointment for repairs.

UKI suggested Miss D obtain her own quote for repairs, which she did and submitted to UKI for consideration. UKI subsequently offered a cash settlement, which they said was in line with their costs to carry out repairs, minus the cost of the metal roof which had already been ordered and delivered.

Miss D complained to UKI about the reduced settlement offer and handling of her claim. UKI maintained the cash settlement offer was correct but offered £100 compensation for the service Miss D had received.

As Miss D remained unhappy, she approached this service.

Our investigator looked into things and upheld the complaint. She said that the type of replacement roof hadn't been discussed with Miss D prior to order, but it should've been given it was different to what was already there. So, she said it wasn't fair for UKI to deduct the costs from the settlement amount.

Instead the investigator said UKI should carry out the repair works to the outbuilding using fibre cement sheets and repair the main roof. She also said UKI should collect the metal sheets.

The investigator also said UKI should increase the compensation from £100 to £400 due to the delays and overall service Miss D received.

As UKI didn't agree, and Miss D didn't respond to the investigator's assessment or recommendations, the case was passed to me to decide.

I was minded to reach a slightly different outcome to our investigator, so I issued a provisional decision to give both parties an opportunity to comment on my initial findings, before I reached my final decision.

What I provisionally decided – and why

In my provisional decision, 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’ve reached broadly the same outcome as our investigator. But I’m minded to direct UKI to do something different to put things right. Therefore, I’m issuing a provisional decision, to give both parties an opportunity to comment on my initial findings, before I reach my final decision.

Firstly, I’m not considering the internal damage here. This is because this complaint only relates to the external roof damage - to both the main roof and outbuilding roof. This was what was addressed by UKI in their final response dated 19 July 2022.

UKI has told Miss D it will consider whether internal damage has been caused, or been made worse, due to its delays and whether any settlement is due for this. If Miss D remains unhappy after this regarding the internal damage, she’d need to raise this with UKI in the first instance, then to this service as a new separate complaint – subject to our usual rules and timescales.

Miss D first reported storm damage to both her main roof and outbuilding roof in November 2021 and UKI appointed their claims agent to inspect the damage. UKI has accepted the external damage to both the main and outbuilding roofs were caused by a storm and so is covered under Miss D’s policy. So, I don’t need to decide whether the roof claims or damage are covered under the policy.

UKI’s agent first inspected the roof in November 2021 but the report wasn’t completed until January 2022. The claim was accepted, and parts were ordered in January 2022 with a repair scheduled to take place in March 2022. This is some months apart and after the first inspection, and from UKI’s file, delays appear to be due to how busy their claims agent was at the time. However, I can see why Miss D was unhappy with the time it was taking, given the roof damage remained during this time, and she needed to chase UKI as she wasn’t updated.

In March 2022 Miss D became aware that the damaged outbuilding roof, which was corrugated cement previously, was due to be replaced with a metal corrugated sheet by UKI’s contractors. Miss D was unhappy with this proposal due to how noisy a metal roof would be. She raised this with UKI, and they suggested Miss D obtain her own repair quotes instead.

Miss D obtained a quote for the outbuilding roof to be replaced at a cost of £4,200 and the main roof repairs at a cost of £850. This was submitted to UKI.

UKI ultimately offered a cash settlement of £1,988.88 before excess (£250) deduction. This was made up of £3,700.13 which UKI said would be the costs of repairs to them, but they also deducted £1,711.25 for the metal roof which had already been ordered and delivered as they said it couldn't be returned.

The timeline provided by both parties isn't entirely clear on the sequence of events. The metal roof sheets were delivered to Miss D's home. Due to being unhappy with the proposed repair, Miss D cancelled UKI's contractors at some point. But it isn't clear whether that was before or after the delivery of the metal sheets. But what is clear is that Miss D became aware they were going to be metal on 14 March 2022 and they weren't delivered until 28 March 2022 having been ordered back in January 2022. In any event, I don't think that sequence of events, including when delivery and cancellation happened changes anything overall. I'll explain why.

Miss D previously had corrugated cement roof sheets on her outbuilding. These contained asbestos, so an exact replacement wouldn't have been possible. Instead UKI's agent arranged for metal corrugated sheets as a replacement. But despite our investigator asking, UKI hasn't provided any evidence to show the metal replacement was ever discussed with Miss D at any point beforehand. Given the fabric of the roof was being completely changed, I think this should have been discussed with Miss D and agreed to by her in the first instance.

Miss D is unhappy with a metal roof due to the potential noise of it. Instead, her own quote was for fibre cement corrugated sheets. In my view that is a closer match to what was in place beforehand. Given the significant change to metal, when other closer matches were available, I think this significant change should have been discussed with Miss D – but based on what I've seen, it wasn't.

If it had been discussed, I'm persuaded Miss D wouldn't have agreed to it as she later didn't, and consequently the metal roof wouldn't have been ordered by UKI's agents. On this basis, I don't think it is fair to deduct the costs to UKI/their agents of this metal roof, which Miss D never agreed to, from the settlement amount being offered to her. I also don't think the overall cash settlement is fair either, even if the metal roof wasn't deducted. I'll explain why.

There is a £250 excess in the policy, so I don't think that is an unreasonable deduction as Miss D is making a claim. UKI says it would have cost £3,700.13 before excess for it to carry out repairs (if the metal sheeting wasn't deducted) so they have offered this amount, rather than meeting Miss D's own quote. UKI say this is in line with the policy terms for cash settlements:

"How we settle claims

If the buildings are damaged by any of the causes listed in (Section 1) we will either:

- Repair or rebuild the damaged part using our suppliers*
- Pay to repair or rebuild the damaged part using your suppliers*
- Make a cash payment*

If we can repair or rebuild the damaged part, but we agree to use your suppliers or make a cash payment, we will only pay you what it would have cost us using our suppliers and therefore the amount you receive may be lower than the cost charged by your suppliers.”

However, I don't think it is fair here for UKI to limit the settlement to their own costs, even without the deduction of the metal sheets.

Firstly, UKI hasn't provided this service (or Miss D) with a breakdown of how this settlement was calculated by them, so I'm not persuaded UKI has demonstrated this is the costs they would incur to carry out works. But regardless, the cash settlement limited to UKI's costs is applicable in the terms where UKI agree to cash settlement but could've carried out repairs, but I don't think it's fair to settle the claim in this way here.

Our investigator recommended UKI carry out repairs to the outbuilding roof with fibre cement sheets and the main roof repairs, rather than cash settling. But from my understanding, from Miss D's submissions to this service, she would rather a cash settlement in line with her own repair quotes.

It's clear here that the service Miss D has received hasn't been in line with her reasonable expectations. UKI accepts its agent has handled things poorly, there were delays and poor communication throughout, and as talked about above, the proposed repairs were never discussed with Miss D despite the significant change in roof materials.

So, I can understand why Miss D is unhappy with UKI's handling of things and would rather a cash settlement, rather than UKI's own contractors carrying out repairs. And I think that is a reasonable way for UKI to settle the claim here given what has happened. With this in mind, unless anything changes as a result of the responses to my provisional decision, I'm minded to direct UKI to pay a cash settlement based on the costs to Miss D, rather than restricting the cash settlement to what it would cost them.

But I should also be clear that Miss D's quote was submitted to UKI in May 2022. So, I'm unsure if that quote is still valid, and if Miss D can get the works completed for that amount given the time that has passed. Therefore, I'm minded to direct UKI to cash settle the claim at the costs to Miss D. This means that UKI will need to pay the repair quote Miss D has already submitted, unless Miss D can evidence it has increased due to the time that has passed since then.

UKI will also need to arrange collection of the metal roof if it still remains at Miss D's property.

Our investigator also recommended UKI increase the level of compensation from £100 to £400. She said this was on the basis of delays in the claim handling and lack of discussion about the roof replacement. UKI disagreed and said the claim was with its agent for several months, but there were severe storm events then which had impacted things.

I recognise UKI's agents may have been busy, but this has resulted in Miss D's claim being delayed, and during this time there was poor communication as already recognised by UKI. And issues arose as a result of the proposed outbuilding roof replacement not being discussed with Miss D, and there were also no repairs carried out to the main roof either.

As a result of the delays, Miss D had to obtain her own quote for repair, which UKI didn't accept, and offered an, in my view, unfair settlement with an unreasonable deduction. This has all resulted in the claim, which in my view should have been straightforward, being prolonged, and I'm minded to agree with our investigator that £400 compensation is a fairer amount in the circumstances."

Therefore I was minded to uphold the complaint and to direct UKI to cash settle Miss D's claim for the outbuilding and main roof in line with her costs (but UKI can deduct the excess), remove the metal sheets from Miss D's property and increase compensation to £400.

The responses to my provisional decision

Miss D responded to my provisional decision accepting it. She also said she'd had some works done to the flooring and wiring.

UKI responded to say they had nothing further to add.

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.

And I've thought carefully about the conclusions I came to in my provisional decision. Having done so, as neither party has provided anything which would lead me to depart from my provisional findings, my final decision remains the same as my provisional decision, and for the same reasons.

I'll also clarify that Miss D has mentioned she has completed some works to the flooring and rewiring. However, here I've only considered the outbuilding and main roof.

As outlined in my provisional decision, UKI has said it will consider if internal damage has been caused or made worse due to their delays. If Miss D remains unhappy after UKI has done this, she'd need to raise this with UKI in the first instance, then to this service as a new complaint – subject to our usual rules and timescales.

My final decision

It's my final decision that I uphold this complaint and direct U K Insurance Limited trading as Direct Line to:

- Cash settle Miss D's claim for the outbuilding and main roof in line with her costs (the excess can be deducted in line with the policy terms)
- Remove the metal sheeting from Miss D's property
- Increase the compensation from £100 to £400

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 25 April 2023.

Callum Milne
Ombudsman