

## **The complaint**

Mr C has complained about his home buildings insurer Accelerant Insurance Limited regarding a claim made following a fire at his home. He thinks it has caused delays and its offer of settlement is too low.

Accelerant used a loss adjuster to manage the claim. Accelerant is liable for the actions of the loss adjuster.

## **What happened**

There was a fire at Mr C's home in the early hours of 21 February 2021. Combustible materials on decking at the rear of the property ignited, damaging the decking and brickwork on the rear elevation, as well as breaking the kitchen and bedroom windows. There was damage to the guttering also, and soot damage internally. Mr C made a claim to Accelerant and appointed a loss assessor to act for him.

Accelerant had a loss adjuster visit the property to assess the damage and a forensic report was also completed. The loss adjuster had some concerns about detail Mr C had given when arranging the policy and Accelerant considered whether this would affect its liability. Accelerant determined that it wouldn't, and the claim was accepted on 30 March 2021.

The claim progressed over the following months, with the loss adjuster completing a schedule of works which was reviewed by a surveyor linked to the loss assessor. In late October 2021 the loss adjuster gave his agreement for work to go ahead, based on an agreement reached with the loss assessor and surveyor.

On 21 November 2021, in response to a complaint Mr C had made, a final response was issued which stated there had not been any delays in handling the claim and an agreement to progress the work had been reached in October 2021. The final response referenced that repairs were now starting.

However, work had not started. In December 2021 the loss assessor told the loss adjuster that repair of the property could not progress. This was because the agreement reached was based on variations to the scope being undertaken during the repair programme, despite evidence of what was needed having already been provided. In February 2022, Mr C complained to this service.

Mr C explained his concerns over the scope of and cost for the work agreed, that overall he would likely have to take out a loan to cover a likely large shortfall. He said he wanted certain temporary repairs to be covered too, as well as the cost for damaged appliances. He also noted that no offer had been made for the family to be rehoused during the works – and that they'd been living in the property in unsatisfactory conditions for a long time. Mr C said he had suffered financial losses including the extra cost for heating and lighting the partially boarded up property, and lost wages for time spent trying to deal with the claim.

Our Investigator felt that Accelerant should be paying Mr C's costs for repair – but that its agreement to review what was needed as the repair programme progressed was

reasonable. So he wasn't minded to uphold the complaint. Mr C was unhappy with the outcome. Following some further correspondence our Investigator confirmed that the complaint would be forwarded for review by an Ombudsman.

I considered the complaint, focusing on the situation at hand as complained about by Mr C in 2021 and responded to by the loss adjuster on behalf of Accelerant on 21 November 2021. My views on the complaint differed to those expressed by our Investigator, and I felt some awards should be made. So I issued a provisional decision to share my views with both parties. My provisional findings were:

#### "Claim handling

*I know Mr C thinks that the forensic report should have been shared with the loss assessor straightaway, the fact that it wasn't caused a delay. I don't think that is the case. The forensic report was requested to determine the cause of the fire – and Accelerant never sought to dismiss liability for the loss on the basis of the findings of the forensic report. However, around the time Mr C was waiting for a copy of the forensic report, I do think Accelerant caused delays in other respects.*

*The loss adjuster raised a concern about detail Mr C had given when the policy had been arranged – that he hadn't declared claims which had been made on a separate home contents policy. I know Mr C's view was that he had indicated that claims had been made. And having seen the details of the policy application I can see why Mr C thought that. But I think this was still something that the loss adjuster reasonably needed to refer back to Accelerant for it to consider in more detail. And when Accelerant did consider this issue it determined it was happy to accept the claim. My view though is that the process of referral and an answer being given took too long. It was around a month from the date of the loss adjuster's first visit until the claim was accepted. I think that should have taken two weeks at most, especially in light of the damage to the property. So Accelerant, in my view, caused a two week delay here.*

*There was also a further delay in April. At that time the loss adjuster was trying to arrange for a scope of work to be completed but the contractors instructed to do that weren't cooperating and it was 19 April 2021 before an appointment to visit the property was made (for the following week). I think the lack of cooperation delayed the claims progress in April 2021 by two weeks.*

*I think the claim was handled reasonably during May 2021 and until 22 June 2021. In May, a scope produced following the April 2021 visit was provided, shared and discussed. The discussions led to a revision of the scope being required. This was produced at the beginning of June 2021 and shared again for review. I think matters were handled reasonably by Accelerant during this time and I'm satisfied that there was no delay by Accelerant during this period.*

*On 22 June 2021 the loss adjuster put forward an offer to settle the claim in cash. The sum offered was £32,403.73. No explanation or detail of how that cost had been reached was given. But the loss adjuster knew that this sum was less than even the cost of work set out in the initial scope shared in May 2021, which had been revised in terms of work and cost by the June scope. To me that sum, put forward in that way, amounted to an unfair and unreasonable offer. I can understand why the loss assessor requested a breakdown of it and I think that should have been given.*

*In saying that I don't mean that the adjuster should have shared the fully costed scopes of work with the loss assessor. That detail is something insurers don't have to share with their policyholders or their representatives, as it is commercially sensitive information. But the*

*offer put forward was less than the cost of work set out in either scope and the adjuster had a reason for putting that lower sum forward. It is that reasoning for the cash figure being proposed that should have been explained as part of that proposal. And the loss adjuster did not do that until September 2021. Email correspondence in September, culminating with an email from the loss adjuster on 21 September 2021, set out a clear explanation for the June offer and what was alternatively available as a way forward for the claim. There's no reason that could not all have been set out on 22 June 2021. And in my view, that is exactly what should have happened. As such I think Accelerant delayed the claim unfairly and unreasonably by three months between 22 June 2021 and 21 September 2021.*

*After the end of September, the parties discussed the clarified and revised offer. And an agreement for settling the claim was reached at the end of October 2021. With Mr C's concerns about claim handling being raised around that time and then answered by the final response of 21 November 2021. I'm satisfied that the claim was progressed fairly and reasonably in this period.*

*Accelerant's final response though said it had not caused any delays. My assessment here shows that I think it was wrong in this respect. I think it caused a total of four months of delay between the claim being made in February 2021 and the final response being issued in November 2021. Which means that the situation has been unreasonably prolonged by Accelerant for four months. I don't doubt that has caused upset and frustration to Mr C.*

#### *Was the home uninhabitable?*

*I also bear in mind that the conditions at the home were far from ideal. The home was not uninhabitable in the general sense often relied upon by insurers – it had basic, necessary facilities like heating and lighting, and the family could wash and cook. But the conditions in which they were having to cook were less than sanitary and I don't doubt they had to adapt how they normally use the kitchen, likely cooking less and quite likely different things, in order to cope with its poor condition. I'm also mindful that the loss adjuster did offer alternative accommodation to Mr C and his family at the outset, but this was turned down. So I think Accelerant acknowledged that the condition of the property meant the family shouldn't really stay there. Whilst the adjuster clearly felt cleaning would make the home habitable, I'm not really persuaded by that – a simple clean could not have removed all of the soot present in the property. For example, that ingrained in the kitchen cupboards or on the walls or ceilings. Further the kitchen was dark and draughty. I accept that the property was colder than it should have been and was lacking in light due to the damaged and boarded up windows. All in all I think it's fair and reasonable to say that the property was uninhabitable.*

#### *Compensation and a disturbance allowance*

*Taking everything into account, I think that Accelerant should pay Mr C £500 compensation. This is for his distress and inconvenience caused by it handling the claim such that it caused unfair and unreasonable delays.*

*I also think Accelerant should be paying a disturbance allowance to Mr C. Insurers will often pay a disturbance allowance, usually at a rate of £10 per adult living at the property, per day, to policyholders, where they choose to stay in an uninhabitable home and likely incur some costs as a result of living in the damaged property. Mr C did initially choose to stay in the property and I don't doubt that in doing so he incurred extra costs. I accept that it most likely cost more to heat and light the home during this period of the claim. And there were likely other extra costs too – such as for eating differently, or even incurred whilst spending extra time outside of the home. It's unlikely Mr C could evidence all of his extra costs – and I understand that he is even having difficulty obtaining past copies of his utility bills, which*

*might have helped establish costs for extra heating and lighting. So I think a fair and reasonable way to resolve this issue is by an award of a disturbance allowance. Therefore, I think Accelerant should pay Mr C £10 per adult, per day living in the uninhabitable home during the period 21 February 2021 to 21 November 2021 inclusive. The latter date is the date of the final response, but this is also about one month after the claim settlement was agreed – which should have been ample time for some work to be done. I know none was, but I explain below why I think the claim settlement was fair and reasonable. As such I don't think it would be reasonable for me to make awards against Accelerant that are linked to upset, disruption and loss beyond 21 November 2021.*

#### October 2021 claim settlement

*Mr C appointed a loss assessor at the outset. The role of the loss assessor was to handle the claim for Mr C. And the loss assessor recommended the involvement of a surveyor to assist. So when the issues arose about what repairs were needed, and at what cost, it was the surveyor who dealt with that on behalf of Mr C.*

*It is certainly the case that from early on in the claim the damage to the external brickwork, and what was needed to reinstate that, was often disputed. But Mr C's loss assessor and surveyor, in October 2021, agreed that the reasonable way forwards to deal with this was for work to start, including cleaning of the brickwork, and then for the area/brickwork to be reassessed. And it was on the basis of this agreement, from experts working on behalf of Mr C, that the loss adjuster gave his agreement for the works to go ahead. That was an agreement, by professionals, working for the respective parties to the claim. As such I'm not persuaded it was an unfair or unreasonable position.*

*I know Mr C is also concerned about the sum agreed for the kitchen. He has a quote for about twice the provisional sum agreed for replacement units in the agreed scope. However, just as the surveyor assessed the situation regarding the brickwork, he considered the cost put forward for the kitchen replacement. He was satisfied that the sum included was fair and reasonable, and the contractors working for the loss assessor agreed they could meet this price – albeit a provisional or guide price. The loss adjuster had agreed to consider additional costs as necessary as the work progressed. So if the work had gone ahead, and the contractor which had agreed the sums, had found it could not replace the kitchen for that price, the actual expected costs could have been reviewed. I think that was a fair and reasonable position. And in saying that I'm also mindful that the sum for the kitchen, just like the brickwork, was just another part of the larger scope of work agreed by the professionals working for the parties to the claim.*

*I know Mr C thinks the settlement should have included an allowance or means by which the family could move out of the property for the duration of repairs. I know the loss adjuster thinks that no alternative accommodation is needed because Mr C, initially, said none was required. I'm not really persuaded by that answer – Mr C is entitled to change his mind. And he clearly has done just that. I'm also mindful of what I've said above about the home not really being suitable to live in, and that it certainly won't be during repairs. In that situation, the policy, I think, should respond. Accelerant should, therefore, work with Mr C now, as the claim resumes and progresses, to make sure it handles his request for alternative accommodation fairly and reasonably.*

*But, returning to the issue of whether the 2021 settlement was fair and reasonable – I have to look at the situation as it was, at that time. In 2021, the loss adjuster thought Mr C did not want to move out of the home and, whilst the surveyor initially stated that accommodation for the repair period would be required, that was before the claim was accepted or any settlement negotiations began. Once the professionals began discussing settlement, neither the surveyor nor loss assessor requested that the cost for alternative accommodation for the*

repair period were paid as part of the settlement. So I can't fairly and reasonably say that Accelerant was at fault for not offering alternative accommodation costs as a part of the 2021 settlement.

I'm also aware that Mr C thinks the settlement offer should include the cost of a contract administrator. And in this respect the surveyor and loss assessor did ask for the surveyor's involvement to remain as part of the work programme at the outset. The loss adjuster though declined this request and the claim progressed from there. I think the loss adjuster's decline in this respect was reasonable. The policy doesn't offer to cover the cost of generally overseeing the repair works. There is cover for reasonable and necessary fees of surveyors and the like. But the fees of a surveyor would be necessary, for example, when structural issues or work at a property need considering or overseeing. The work expected and then accepted here did not entail an element of structural work. Potentially reinstating the damaged brickwork might make the involvement of a surveyor and/or other expert necessary – and if the work had gone ahead, as agreed was appropriate by the professionals involved, that need could have been reviewed as and when the brickwork had been cleaned. I'm satisfied that the claim settlement, in this respect, was not unfair or unreasonable.

I appreciate that Mr C is worried about the ultimate cost for the work. But I don't see why he would think the agreement as reached in 2021 would leave him needing to fund a shortfall for the cost of necessary work. The scope for reinstatement was agreed and contractors were waiting to do that work at an agreed price. The work may have had to stop whilst, for example, the cleaned brickwork was assessed, and if the contractor had needed the cost for the replacement kitchen to be reviewed. But that wouldn't be unusual in a claim like this. I'm satisfied that the October 2021 agreed claim settlement was fair and reasonable.

#### Temporary repairs

Mr C has said that temporary repairs to the guttering and loft hatch should have been agreed. I appreciate Mr C's concerns in this respect. However, such costs were not put forward by his loss assessor, or the surveyor, as being necessary in the early stages of the claim. In the circumstances I can't fault Accelerant for not proposing temporary work.

The claim settlement mentioned above did include costs for permanent repairs in these respects. And it was only two days before the settlement was reached that the loss assessor first broached the idea of reinstating the gutter, or at least temporarily repairing it, separately to the main body of work. But I think it's fair to say that with the agreement on works being reached so soon after this request was made, the loss adjuster felt all work would shortly be progressing, such that doing something separately with the guttering was not reasonably required. I think that was fair and reasonable.

#### Appliances

Mr C has said appliances need replacing. But he hasn't shown any evidence that the appliances in place at the time of the fire were damaged as a result of it. And I'm mindful that whilst he had the loss assessor and surveyor debating the necessary repairs on his behalf, neither raised damaged appliances as being missing from the reinstatement scope. If Mr C wants Accelerant to consider these items further he should send it evidence of the damage so it can consider its liability for replacing them.

#### Loss assessor fees

Mr C has asked for Accelerant to be made to cover the cost of his loss assessor fees. I'm not persuaded I can fairly and reasonably require Accelerant to pay these. The policy does not allow for such costs, and Mr C chose to appoint the loss assessor at the outset.

### Inflation costs

*Mr C is concerned that the cost of work has increased. He'd like Accelerant to pay more to cover increased costs. Whilst I understand why Mr C would want that, I'm satisfied that Accelerant's settlement – agreed in October 2021 and bearing in mind that it was agreed between professionals, with contractors in place, who were waiting to start work having agreed to do the job at the agreed costs – was fair and reasonable. So the fact that the work did not start, and that when it does go ahead it will likely cost more due to inflation, is not Accelerant's fault. As such it would not be fair or reasonable for me to make an award in this respect against Accelerant.*

### Lost wages

*It is quite usual for a policyholder to have to spend time dealing with a claim. And I can see that here Mr C was quite involved in considering the repair scopes – and he likely had meetings with his loss assessor and/or surveyor going through things. And I don't think Accelerant did anything wrong which caused Mr C to need to have more meetings or spend more time than he otherwise would have done trying to progress the claim. Whilst I've noted some delays by Accelerant above, I think it's fair to say that, during these periods little meaningful was happening; I've certainly seen nothing in those periods from the loss assessor which suggests a lot of extra activity had been occurring with Mr C's involvement, with a view to trying to progress matters, which was then thwarted or wasted because of the delays. I'm not persuaded to require Accelerant to compensate Mr C for lost wages."*

Accelerant did not reply to my provisional decision.

Mr C asked that I include certain things in my final decision. He also made a number of points in reply to my findings. In summary:

- He'd asked for alternative accommodation as part of the settlement in early October 2021. If Accelerant had reconsidered its position on alternative accommodation at that time, he would've reviewed his position about allowing the work to start. So any delay in the work being done is down to Accelerant – the work would definitely have started if its position had changed. But he couldn't agree to the building work starting without that. He feels the disturbance allowance should, therefore, be extended beyond November 2021. And Accelerant should also cover inflation costs and reimburse him £200 for a temporary repair to the gutter.
- Regarding what happens now with alternative accommodation; he asked if it should be like his property, and situated within 1 mile of it? And he asked that I confirm exactly what the basis is for the accommodation within my decision.
- Would the cost of alternative accommodation reasonably include moving and necessary storage costs, and insurance?
- His youngest child is 17 years old – he asked if she would be considered an adult, if so there were five adults living at the property.
- Given five adults, and the period I set out, which he calculated as totalling 273 days, he thinks the disturbance allowance Accelerant should pay is £13,650. He asked I confirm that figure and require Accelerant to pay it within 14 days.
- Any cleaning of bricks will be futile. He finds Accelerant's view in this respect outrageous.
- Accelerant's failure to properly assess the damage and authorise appropriate repairs demonstrates a neglect on its part to fulfil the policy terms.
- Without proper assessment, the necessary period away from the home can't be planned.
- Accelerant should be made aware of the extra costs that progressing the work in this way will undoubtedly cause.

- He'd like me to acknowledge the findings of his brickwork report in this decision and require Accelerant to reimburse its cost. He'd like to know why its findings haven't been taken into account in my provisional decision.
- I should investigate why Accelerant did not undertake such a report in 2021.
- Should replacement kitchen units be like those that were in place before? Accelerant only allowed a PC (provisional) sum for unit replacement so this was always subject to change.
- The claim for appliances reflects those that are integrated in the kitchen. They won't be compatible with a new kitchen as they will have been superseded or discontinued. And they can't fail but to have been affected by the fire and its extinguishment. If the units require replacement, and all nearby electrical contents items were replaced under a claim on the contents policy, it is unclear why the integrated appliances would not be treated the same.
- Accelerant's lack of transparency by refusing to share a breakdown of its contractor's costs is deeply concerning.
- It is essential that a contract administrator is appointed. The brickwork repairs will definitely require oversight and the policy allows for that.
- He'd like me to review my findings on his lost wages as the time he put in was far in excess of what was expected.
- He'd like me to stipulate that Accelerant pays for all work in a speedy and diligent manner, in line with any payment terms of suppliers, sub-contractors and contractors instructed to do the work, such that the work is not delayed and he is not put at financial risk.

### **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 note that Mr C did email Accelerant in early October, copying in his loss assessor. And he did raise the point that an agreement in principle for alternative accommodation was required. But it was after this, at the end of October, that the professionals, working for the parties, came to the agreement for works without reaching an agreement on alternative accommodation. I think it's also fair to say that the thrust of Mr C's contact shows that Mr C was generally unhappy with the proposed restoration method i.e. starting the work programme on the basis of the bricks being cleaned, and only reviewing the condition of the bricks after that. Which the professionals later reached an agreement on. Mr C also says in that letter that a contract administrator must be agreed to. This did not form part of the agreement for works reached by the professionals. I note that those two issues remain a cause for concern for Mr C. I'm not persuaded that even if a proposal for alternative accommodation had been put forward, that alone would have changed anything. I remain of the view, as stated provisionally, that Accelerant was not at fault for not offering alternative accommodation costs as part of the October 2021 agreement. It follows that my views on the period of the disturbance allowance, the cost for temporary work and inflation costs have not changed either.

However, I've provisionally said that, going forwards, Accelerant should consider the family's alternative accommodation needs. That is because part of Mr C's complaint to this service was, as noted above, about its refusal to offer alternative accommodation. And my resolution in this respect is that, going forwards, it should. So that sets things back to consideration of this being progressed as a claim. As such it isn't appropriate for me to put further stipulations on that consideration. Not least as whilst a property for alternative accommodation should be reasonably like that insured, what is reasonable in practice will likely depend on many factors, not least what property is available in the area. Further what other costs an insurer

might be reasonably expected to pay in such a claim, other than for rent, will also depend on the circumstances relevant at the time the arrangement is made/is being made, including the property found. So it isn't appropriate for me here, before any of those factors are known, to offer further comment. But I will reiterate that Accelerant should now work with Mr C to handle his request for alternative accommodation fairly and reasonably.

I am satisfied that the formula I have provided for the disturbance allowance is clear. I think it's fair to say that most insurers would view a 17-year old as akin to an adult when looking at something like disturbance allowance. So I'm happy to say that Mr C's 17-year old should be classed as an adult. But I'm not going to confirm more than that here. Simply put Mr C and Accelerant will have to liaise about the award if Mr C accepts my final decision within the deadline set.

I understand Mr C's view on brick cleaning. And I explained provisionally that I had to focus on what was known and happening at the time of the agreement reached in October 2021 between Accelerant and professionals acting for Mr C. Mr C's report only came much later, in 2023. And when the agreement was reached in 2021, as I said that was discussed and considered between Accelerant and expert professionals acting for Mr C. In light of that, and whilst I know Mr C thinks Accelerant should have done more, I remain of the view that the position taken in the agreement reached about how the repair works should progress was not unfair or unreasonable. Mr C can still submit his report to Accelerant for consideration as part of the resumed, progressing claim.

The cost to replace the kitchen, with something like Mr C had before, was agreed on the basis of a provisional, or "PC" sum. A PC sum is generally accepted to be an indicative amount usually somewhere in the ballpark of likely expected costs. So it is open to variation – but usually if it was felt to be wholly unsatisfactory those involved in implementing the repair scheme would challenge it. My points remain here that the surveyor had not said the PC sum was entirely inadequate, contractors were ready and waiting to start work on the basis of agreed, albeit provisional, sums and work could have been halted if the contractor had felt that the costs agreed needed to be reviewed.

As professionals were handling the claim for Mr C, I don't think it was unreasonable for Accelerant to respond to the claim put before it. And the professionals did not make a claim to Accelerant for the appliances. I don't think Accelerant did anything wrong, therefore, in not considering these items earlier and I've said that Mr C can approach Accelerant regarding claiming for the appliances if he wishes to. With no claim for this currently having been considered by Accelerant, it isn't appropriate for me to comment further on the queries raised in this respect by Mr C.

I commented provisionally about Accelerant not sharing its cost breakdown for the work and set out my views on Mr C's request for a contract administrator to be appointed, as well as for lost wages to be compensated for. I note Mr C's points in reply on these issues, but they add nothing new, so I've nothing further to add.

I can't reasonably dictate a payment programme for Accelerant to abide by as the claim resumes and work begins. In short, I am not a claim handler. But also I simply don't know what will be happening as the claim progresses, including what trades will be appointed to carry out work or what their terms may be.

Having reviewed Mr C's response to my provisional findings, I'm not persuaded to change or move away from what I set out provisionally. As such my provisional findings, along with my comments here, are now the findings of this my final decision.

## **Putting things right**

I require Accelerant to:

- Pay Mr C £500 compensation.
- Pay a disturbance allowance to Mr C, at a rate of £10 per adult, per day, for the period 21 February 2021 until 21 November 2021 inclusive.
- Consider Mr C's request for alternative accommodation required by the family as the claim resumes and progresses following my final decision.
- Consider liability under the claim for appliances Mr C says were damaged, subject to him providing evidence in this respect.

## **My final decision**

I uphold this complaint. I require Accelerant Insurance Limited to provide the redress set out above at "Putting things right".

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

Fiona Robinson  
**Ombudsman**