

The complaint

Miss B and Mr T complain about delays and poor service by Fairmead Insurance Limited trading as Legal and General when dealing with a claim on their home insurance policy.

What happened

In July 2020 Miss B and Mr T noticed a leak of water in their home. A pipe had fractured and this led to an escape of water. They made a claim on their policy and arranged for a plumber to fix the leak. The property needed to be dried out and repairs carried out to put right the damage caused by the leak of water, which was extensive.

Fairmead accepted the claim. A contractor was sent to remove the floor, but they damaged a floor tile which led to a risk of asbestos being exposed.

Miss B and Mr T had to move out of the property along with their children. Fairmead arranged for a specialist firm to help them find alternative accommodation but Miss B and Mr T say they had to make most of the arrangements themselves. In October 2020 they moved into a property on a fixed term tenancy but by December very little work had been done and in the meantime the house suffered with damp problems. Miss B and Mr T complained about the delays.

Fairmead issued a final response to the complaint in which it accepted there had been delays and offered £500 compensation for the distress caused by this, but Miss B and Mr T didn't accept the offer.

An inspection was arranged with a loss adjuster and a specialist was appointed to deal with the asbestos. The kitchen had to be removed for works to be done and then replaced.

The works had not been completed by April 2021. Miss B and Mr T's tenancy was due to expire in July and they were worried the work wouldn't be completed by then. They referred their complaint to this service but didn't pursue it at the time as matters were ongoing.

In June 2021, Fairmead agreed a list of snagging items to be completed, with a view to the family moving back home by 30 June, but that didn't happen as the works were not satisfactory. When the tenancy ended, the family was moved to a hotel. There was a further inspection in August 2021 and the works continued.

The family returned home but found the works had not been completed properly. Fairmead agreed for them to move to another hotel but their eldest son went to stay with a relative as the hotel accommodation wasn't big enough for them all.

A loss adjuster's report in October 2021 set out the extent of works needed to put things right, which involved removing the kitchen and reinstating it once the repairs had been completed. The family finally returned home in late November 2021. Miss B and Mr T then made a further complaint.

In January 2022 a further loss adjuster's report advised that the repairs had been completed

and Fairmead issued a response to the further complaint. Fairmead said:

- it apologised for the poor service provided;
- it had been concerned about the asbestos risk but a specialist said the tile was only scratched and no asbestos was exposed;
- Mr T had inspected the works and said he was happy with them, but if there were any further snagging issues, he should provide a list and it would arrange for them to be done or alternatively he could find his own contractor and it would cover the cost.

Fairmead repeated the previous compensation offer of £500 saying it was still of the view this was a fair amount. Miss B and Mr T didn't accept this and asked us to look into the complaint about the whole period up to then.

Our investigator thought the complaint should be upheld. She took account of the fact Fairmead had agreed to waive the excess of £500 which should have been paid on the claim but even allowing for that, thought the compensation should be increased. She asked Fairmead to pay a total of £1,000.

Fairmead said a lot of issues had been outside of its control, and taking account of the excess the compensation was effectively £1,500 which seemed high, but it would accept the recommendation.

Miss B and Mr T did not agree and said the compensation should be higher as:

- they had been messed around for 16 months, including time spent in two different hotels;
- they had incurred other losses including lost earnings when they had to move home and the impact of the delays had affected their health;
- it's not just a question of some snagging items – the flooring is too low and the kitchen worktops don't sit right.

Our investigator said if they provided a list of the issues Fairmead has agreed to either rectify them or pay a cash settlement so they can have the work done themselves and this is a fair offer.

As no agreement has been reached I need to make a decision.

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 relevant industry rules and guidance say insurers must deal with claims promptly and fairly; provide reasonable guidance to help a policyholder make a claim and appropriate information on its progress; and not unreasonably reject a claim. They should settle claims promptly once settlement terms are agreed. Where repairs need to be done, I'd expect these to be lasting and effective.

The policy provides cover for damage caused by escape of water. Fairmead accepted that the initial repairs were not adequate and there have been delays putting things right. So that's not in dispute. The issue I need to decide is whether the compensation that has been offered is enough to fairly reflect the distress and inconvenience caused.

Miss B and Mr T are unhappy that there are still some outstanding issues. They say these are not just snagging items and a lot of work needs to be done. But Fairmead said if they provided a list of the issues it would either arrange for them to be put right or pay a cash

settlement so they can have the work done themselves. I appreciate Miss B and Mr T say work still needs to be done. But this offer was made in the final response Fairmead sent in January 2022. They haven't provided details of the outstanding works to Fairmead. If they do, Fairmead can consider that and they can then agree a way to deal with them. If there are any further issues Miss B and Mr T can make a fresh complaint about that.

In this decision I'm considering the delays up to that response in January 2022. I know Miss B and Mr T had a very difficult time. They moved a number of times and had all the stress of dealing with the ongoing claim, which should have been settled much quicker. On the other hand, they were paid a disturbance allowance and other costs. Mr T says some costs have not covered but hasn't provided details of these. He's also referred to the impact on his health and provided some information about medical issues. While I accept the situation would likely have had an impact, the evidence doesn't show the medical problem he referred to was caused by what happened with the claim.

The crux of the matter is what's a fair payment to reflect the distress and inconvenience caused for the period from July 2020 to December 2021. Taking into account that Fairmead waived the excess of £500 that would normally have been paid, a payment of £1,000 would mean they have effectively received £1,500. Taking into account the length of time involved and the other payments made, I think that is a reasonable sum.

My final decision

I uphold the complaint and direct Fairmead Insurance Limited trading as Legal and General to pay compensation to Miss B and Mr T of £1,000 for the distress and inconvenience caused to them.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B and Mr T to accept or reject my decision before 28 August 2023.

Peter Whiteley
Ombudsman