

The complaint

X has complained about the handling of his claim by Hiscox Underwriting Limited ('Hiscox') under his home insurance policy following an escape of water at his home.

For the avoidance of doubt, the term 'Hiscox' includes its loss adjusters, contractors, and agents.

What happened

X's home was damaged by an escape of water in 2021 which caused extensive damage throughout his home. Hiscox accepted the claim and instructed a firm of loss adjusters to deal with the claim and they appointed contractors to carry out the repairs. The source of the leak wasn't located at the outset however it was eventually traced to a pipe under the bathroom floor and extensive works were required as a result.

X was unhappy about the delays in completing all work and about the way in which his claim was handled. He was also concerned that Hiscox's contractors had charged for work it hadn't carried out. Hiscox apologised to X for what had happened and explained that there had been unexpected additional work and that its contractors had experienced staff shortages. It offered compensation of £150 to X, however X was unhappy with this. He therefore referred his complaint to this service.

The relevant investigator upheld X's complaint. The investigator considered that X's claim had been poorly managed and that there had been considerable delays. The investigator noted that X had to send many chasers for updates and make repeated requests for information. The investigator's view was that Hiscox should increase compensation to £700 in recognition of the trouble and upset caused. The investigator considered that it was reasonable that Hiscox had agreed to look into X's allegation about its contractor charging for work it hadn't carried out.

Hiscox didn't accept the investigator's view. It felt that compensation of £700 was excessive and "*not aligned with similar awards for delays of a similar length*". In the circumstances, the matter has been referred to me to make a final decision in my role as Ombudsman.

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 key issue for me to consider here is whether the service provided by Hiscox to X was fair and reasonable in all the circumstances. I've also considered the submissions provided by both parties. I've concluded that Hiscox didn't handle X's claim fairly and reasonably in all respects and I'll explain why.

Turning first to what X has said, he thought Hiscox's claims process had been very confusing in terms of the various agents that had been involved. He said that that he'd been told there was a leak in February 2021, however the leak couldn't be located. Several

months later, Hiscox contractors made a further attempt to locate the leak however this also failed. X's own plumber then established that there was a major leak which extended under the bathroom, conservatory, and snug floors. A second set of Hiscox's contractors located the leak under the bathroom floor, however X had to get his own plumber out to cap off the cold-water supply to the bath. X said it therefore took seven months to stop the leak.

X said that Hiscox's appointment of the contractor *"turned out to be a disaster, causing us a huge amount of stress and angst."* He said that they started work in January 2022 and were meant to finish at the end of March 2022 but only completed the work towards the end of August 2022, some five months later. He also thought that some of the work had been sub-standard. He didn't think the flooring had been fitted properly and creaked and moved, whereas the previous flooring had not. He also felt that the underfloor heating wasn't as warm as in the previous bathroom floor and thought the contractor had laid the pipes too deep as they'd laid the screed incorrectly. X and his family couldn't face these floors being removed again and thought they'd just have to have to live with it.

X felt that the contractor had treated him and his family with contempt throughout the process. He considered they'd claimed for £7,500 of work which they hadn't done and thought that other claims had been inflated. X felt that the tradesmen themselves had been 'great' however many left the contractor's employment within a few months and considered that this was due to the way in which the contractor acted. He said that the contractor didn't have a plumber or joiner to complete the job. X said that he didn't move out of his home during the works as Hiscox had planned, as he didn't trust the contractors to complete the work satisfactorily *"and to the agreed schedule and specification."* He said that this saved Hiscox a substantial sum in rent (he estimated this to be £9,600), whilst the family put up with all the dust and noise from January to June 2022.

Finally, X said that Hiscox's publicity claimed to provide *'an exceptional claims service.'* His impression was that Hiscox *"sub-contracted the work and then forgot all about us"* and he considered this to be very poor 'PR'. He said that the worst aspect of the claim was that he had to fight the contractors every step of the way to get the work completed. He also said that they wouldn't reply to phone calls or e-mails or communicate work schedules. He'd appreciated that the building work would be disruptive, but the fact it was drawn out over eight months instead of three months was shrugged off. It had caused his family a huge amount of unnecessary stress and angst. He felt that the offer of £150 was *"derisory"*.

Turning now to what Hiscox has to say about the matter, it said it appreciated X's patience throughout the process and apologised *"for any dissatisfaction these matters have caused."* It accepted that X's claim had been registered in August 2021. It said that once the source of the escape of water had been identified and repaired, contractors were appointed to complete the reinstatement. Hiscox said that there had been issues with the availability of contractors to complete the works *"due to unexpected staff turnover and due to Covid-19."* It accepted that the works had *"taken longer than all parties would have liked..."* but considered that this was influenced by factors outside of Hiscox's control.

Hiscox said that it had received regular interim reports from its agents showing progress of the claim. It acknowledged that following a pre-contract start meeting that the completion date for the works slipped on occasions. It explained that the scope of works changed significantly following the discovery that the leak was coming from under the bathroom floor, rather than in the snug. This necessitated further strip out and drying work. It said it hadn't received evidence that its agents had acted unprofessionally or treated X with contempt, and it wasn't party to these discussions.

In summary, it accepted that X's expectations had not been successfully managed and that there had been significant delays. It paid £150 in compensation *"as a token of our regret."* It

said that it acknowledged that the timescale was extended, however it said that this was influenced by factors outside of Hiscox' control.

I now provide the reasons for my decision to uphold X's complaint. I've recognised that arranging remedial work for a project of this size is not straightforward. I also note the difficulties which Hiscox's contractors experienced over the Covid 19 pandemic and also due to staff shortages. I note that some of the delays were because additional works and drying became necessary. Nevertheless, for a project which was estimated to be completed within three months, to take eight months wasn't a fair or reasonable service to the customer. I'm also satisfied that on the balance of probabilities, Hiscox and its agents didn't handle the claims process as well as it should have done, and that X had to chase the contractors for updates and information. I consider that these service failures will have caused X stress and inconvenience over an extended period.

I appreciate that the delays in this case may have been influenced by some factors outside of Hiscox's control, however this doesn't alter the fact that Hiscox had overall responsibility for the claims journey and for the action or inaction of its contractors appointed from time to time. This claims journey didn't progress in a fair and reasonable manner for X. The compensation guidance makes it clear that an award of £700 is within the range of compensation awarded where the impact of a business's mistake has caused considerable distress, upset and worry and significant inconvenience and disruption that needs a lot of extra effort to sort out. In this case, the impact clearly lasted over many months.

I'm therefore satisfied that a total of £700 compensation would be an appropriate award in this case to recognise the distress and inconvenience caused to X and his family, to include the £150 already paid.

My final decision

For the reasons given above, I uphold X's complaint and require Hiscox Underwriting Limited to pay compensation of £700 (less £150 if this amount has already been paid) for the distress and inconvenience caused by Hiscox's service failures.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 24 May 2023.

Claire Jones
Ombudsman