

The complaint

Mr H is unhappy UK Insurance Limited (UKI) decided to issue a cash settlement for the remaining repair work at his property, following damage caused by subsidence, claimed for under his home insurance policy.

UKI appointed various agents to work on its behalf when progressing Mr H's claim. UKI accepts responsibility for those agents. So, any reference to UKI also includes its agents.

What happened

Mr H's property suffered from damage caused by subsidence. So, he made a claim under his home insurance policy for this.

UKI accepted Mr H's claim and carried out repair works to the property. This complaint doesn't concern issues with the claim prior to June 2022. So, I won't detail the history of the claim here, except to say that Mr H raised a number of concerns about the repair work that had been carried out prior to June 2022.

Some of these concerns were about the quality of work that had been undertaken. And others were around work that Mr H considered damaged related to subsidence, that UKI hadn't dealt with.

In June 2022 UKI accepted there was work still needed to repair the subsidence related damage to Mr H's property. But it said it was making the decision to cash settle any remaining repairs needed.

On 24 June 2022 UKI wrote to Mr H and said that its agent had attended to snagging items and concluded the majority of the repair work at the property. But it would be cash settling the remaining works. It provided a list of what it considered to be the remaining work needed. And said that the cost to complete the work was £9,612 + VAT.

UKI said it had processed a payment of £9,612, which Mr H would receive shortly. And when Mr H completed the work to the property and produced invoices to showing VAT had been incurred, then it would pay Mr H the VAT for the works too.

UKI also referenced an outstanding issue Mr H had raised with work at the property. This was in relation to some capstones. UKI said it considered the capstones it had provided were an acceptable match for a new garden wall it had needed to build as part of the claim. UKI said the design of the capstones Mr H had at his property previously were no longer produced, and the capstones it had provided were a reasonable alternative. UKI also said the capstones would be slightly different to each other – as is the case with natural stone, and that they would weather over time.

Mr H didn't agree with the above. Mr H remained unhappy in respect of the capstones. And noted that he didn't want a cash settlement – but wanted the outstanding repairs to be completed by UKI.

UKI considered Mr H's comments here but maintained its position on the matter. In its final response letter, dated 27 June 2022, UKI maintained its position that providing a cash settlement for the outstanding work was the correct thing to do. It said Mr H had exhibited unreasonable behaviour, and the decision to cash settle was in line with the terms of Mr H's policy. UKI was also satisfied the capstones provided were acceptable too.

UKI did however accept there was a day in June 2022 when Mr H had been told the capstones would be delivered, but they weren't. Whilst UKI considered Mr H had needed to be at the property anyway to let other agents working on the house in, it did accept the inconvenience of the capstones not arriving. So, it offered £50 compensation for this.

Mr H remained unhappy with UKI's position. He disagreed that his behaviour had been unreasonable, but instead explained he was merely frustrated with the problems he'd experienced with his claim, and the challenges he felt he was coming up against in trying to resolve the issues with UKI.

Mr H said he still didn't want to receive a cash settlement and wanted UKI to finish all outstanding work at his home. And, Mr H said the cash settlement provided to him wasn't sufficient for all of the work outstanding to be actually completed. So, he felt the figure reached was incorrect anyway.

UKI accepted it had missed a couple of necessary repairs from its schedule of works and therefore offered an additional cash settlement of £1,030 for these repairs.

Because Mr H remained dissatisfied with the matter, he referred his complaint to this service for an independent review.

Our investigator considered this complaint and thought it should be upheld. They said that whilst they thought UKI was entitled to offer a cash settlement for the remainder of the claim, they didn't think UKI had shown the cash settlement was fair or covered all of the outstanding works on the claim.

So, they considered that UKI should discuss all outstanding elements of the claim with Mr H and review their schedule of works accordingly. This included the capstones, which our investigator understood Mr H had said could be died to blend in, and then would be acceptable.

Our investigator also recommended UKI increase its compensation to £250.

Mr H accepted our investigators outcome. But UKI didn't. It remained of the opinion that Mr H had shown unreasonable behaviour, and so its decision to cash settle had been correct. UKI also said the cash settlement offered in June 2022 was fair. It said the cash settlement was only for outstanding works that had been listed. And it had told Mr H that if there was anything else that needed doing it would consider this too, making additional payments where necessary.

But UKI said there were some areas Mr H was claiming for that weren't related to subsidence damage, such as claims for work in the downstairs WC. In addition, UKI said the cash settlement was based on how much the outstanding work related to subsidence damage would have cost it – which was in line with the terms of the policy.

As UKI remained in disagreement, this complaint has been referred to me to decide. I issued a provisional decision to the parties. In this 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 currently intending on upholding this complaint.

I'd like to reassure the parties I have considered all information supplied to this service. However, when coming to my provisional decision on this complaint I've only referenced that which I think is necessary to explain the reasoning for my intended decision. That isn't intended as a discourtesy to the parties – but reflects the informal nature of this service.

This complaint is about UKI's decision to offer Mr H a cash settlement for the outstanding aspects of the subsidence claim he made, as well as whether that cash settlement was fair and reasonable, at the point it was offered.

It's important to note that the claim is still ongoing and has moved forward since June 2022. Further action and complaint points is the subject of a separate complaint at this service. So, when considering this particular complaint, I've only looked to see whether the cash settlement offered to Mr H in June 2022 was fair and reasonable. As well as whether UKI had dealt with the issues related to the capstones fairly at that point. The remainder of the action on the claim will be dealt with under the separate complaint.

When considering complaints such as this, I need to consider the relevant law, rules and industry guidelines. The relevant rules, set up by the Financial Conduct Authority, say that an insurer must deal with a claim promptly and fairly, and not unreasonably decline it. So, I've thought about whether UKI acted in line with these requirements, when it decided to provide a cash settlement for Mr H's claim in June 2022.

That has meant I've needed to consider whether it was fair and reasonable for UKI to elect to provide Mr H with a cash settlement for the outstanding works. As well as the cash settlement figure offered was a reasonable amount at that point in time.

Decision to offer a cash settlement

UKI has said that Mr H exhibited unreasonable behaviour. It has provided some call recordings, which I've listened to, as well as some emails where UKI discusses what it considers to be unreasonable behaviour.

From reviewing the above, and the remainder of the information provided to this service, I do think that the relationship between UKI and Mr H had irreparably broken down by June 2022. It's important to note that I'm aware UKI was willing to attend to snag any items it had already completed, which I think was fair at the time. And it's offer of a cash settlement was for any other outstanding items needed doing.

Whilst generally, when an insurer has started any repair works, I'd expect it to finish all of the work needed, in this instance I'm satisfied the decision taken to offer a cash settlement for any outstanding works was reasonable – and a fair decision in an effort to progress the claim to its conclusion, given the relationship breakdown.

So, I'm currently satisfied UKI acted fairly in deciding to cash settle the claim from this point forward. Given this, I don't intend on requiring it to act differently in that respect.

Was the cash settlement offer provided fair?

As I consider it was reasonable for UKI to provide a cash settlement, I've needed to think about whether UKI has shown the cash settlement offered to Mr H in June 2022 was fair. And I don't think it has shown this.

In UKI's email to Mr H on 24 June 2022, it said the cash settlement figure being offered was for the following:

*"Demolish left hand side garden wall and remove spoil
Construct new brick wall and footing to left hand side garden wall
Supply electrics to 2 No brick piers and connect existing lights
Supply and install fence panel behind garage to back garden
Labour to finish laying the patio and brick wall
Carry out law turf laying to front and rear gardens."*

I understand that following communications with Mr H, UKI did increase its cash settlement by £1,030 to allow for some additional work - fitting of some railings, laying of the porch tiles and repair to the render, what were missed off the original cash settlement.

But UKI hasn't provided this service with a fully costed schedule of works, showing how is arrived at the above figures. As I haven't seen the costed figures for the work, I can't be sure that the cash settlement figure arrived at was fair – or represented a sufficient settlement to allow Mr H to get the work listed above completed.

In addition to this, I've reviewed emails between UKI, its agents and Mr H. And I do think it's likely the cash settlement still missed out some elements of the claim that should have been accepted at that point.

For example, in an email on 28 June 2022, Mr H noted some outstanding works such as repair of the ceiling and electrics in a storm porch and the coping on the stairs from the garden to conservatory not being fixed down. I can't see these were later included in the cash settlement, or that UKI responded to Mr H on these points, to explain why they weren't included.

Given the above, I do think UKI's cash settlement was unreasonable, at the time it was offered. And I can appreciate the distress and inconvenience this would have caused to Mr H, who was needing to raise his concerns about the cash settlement not being enough.

I'm aware that in June 2022, when the cash settlement was offered there were some disputes still ongoing about larger elements of work, and whether those were to be included in the claim. For example, work to a WC, and a twisted doorframe. Although these elements were in dispute at the time of the cash settlement in June 2022, these matters have substantially moved on. Meaning that whether settlement for these items should be included in the claim too is now the subject matter of a separate complaint and will be dealt with under that separate complaint.

Capstones

The other element of this complaint to consider is whether UKI had acted fairly in respect of the capstones, at the point of its final response in June 2022.

UKI said it initially wanted to try acid wash the capstones, to see if this would provide a suitable match to the new wall that was being built. I don't think this was an unreasonable position to take. UKI were entitled to try and conduct repairs when dealing with the claim. And I'm satisfied UKI was trying to arrive at a suitable repair in line with this. Had this worked, that it may have resolved part of the claim.

The acid wash didn't work. So, I'm aware UKI then looked for another way to source capstones that provided an appropriate match to the wall these were going on. Which I think was reasonable. UKI needed to ensure the capstones fitted to the brick wall were of a

reasonable match to the remainder of the wall, if they had matched on the original wall that had been present. And that was what it was looking to do.

I can see that UKI found a supplier to take a mould of the original capstones and match the colour. The supplier undertook this work, and the capstones were then delivered to Mr H.

UKI accepted there would still be some element of difference in the capstones and the bricks on the wall, given that these are made of natural materials, and that these would wear over time. But noted these to be a reasonable match, taking that into account. I think this was a fair position for UKI to take. I haven't seen any firm evidence which shows the capstones were sufficiently different to the bricks on the wall, or that the capstones didn't represent a reasonable match at this time. I do however recognise that things have moved on in respect of the rear wall since this point in time – and that will be dealt with under the separate complaint.

I do also acknowledge Mr H was told these would arrive with him on 15 June 2022, and they didn't arrive when expected. UKI has offered £50 compensation for this element of the complaint – recognising the upset and inconvenience the delay to these being delivered caused.

I think that is fair. I say that because whilst Mr H, or a representative for him, did need to be at Mr H's property on 15 June 2022 anyway, for other claim related works, it would have been frustrating to be waiting for the capstones to turn up as promised, and this not happen. So, I don't intend of requiring UKI to pay anything more in this respect.

However, I do think it would be reasonable to increase its overall compensation in respect of this complaint.

As above, I'm not satisfied the cash settlement Mr H was offered in June 2022 was fair and reasonable. Whilst a dispute about this wasn't the only issues ongoing in relation to the claim, I think it would have added to Mr H's frustration and would have been inconvenient for him. I agree with our investigator that an additional £200 compensation would be fair compensation in this respect. I think that recognises the trouble and inconvenience Mr H experienced, whilst still acknowledging there were additional, separate reasons the claim was still ongoing at this point."

Mr H responded and accepted the provisional decision. UKI didn't respond.

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.

Having done so, I've decided to uphold this complaint.

There hasn't been any further comments or evidence from either party, to alter my findings on this complaint, or the reasoning for it. And so, my decision remains the same as that in my provisional decision, and for the same reasons.

My final decision

Given the above, my final decision is that I uphold this complaint and require UK Insurance Limited to pay Mr H £250 compensation in total.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or

reject my decision before 21 June 2023.

Rachel Woods
Ombudsman