

The complaint

Mr B and Mrs B have complained about how Society of Lloyd's (SOL) dealt with a claim under their home insurance policy.

What happened

Mr B and Mrs B contacted SOL to make a claim following a water leak at their home. SOL accepted the claim and contractors were appointed to repair the damage. Several issues arose during the claim, including a contractor damaging a pipe, which caused further damage, and an unsuitable replacement floor being fitted.

When Mr B and Mrs B complained, SOL accepted there had been issues with the claim. It said it would appoint a new contractor to carry out the repairs to the floor. It also offered a total of £1,250 compensation because its overall customer service had fallen below the standard it should have provided.

Mr B and Mrs B complained to this service. Our investigator upheld the complaint. He said SOL should pay a cash settlement for the work to be completed based on an assessment previously carried out by an engineer to deal with the outstanding works. He said he hadn't seen evidence to show SOL was responsible for damage to the ensuite. He said the compensation SOL had already paid was reasonable in the circumstances and it didn't need to pay anything further.

As Mr B and Mrs B didn't agree, the complaint was referred to me.

I issued my provisional decision on 30 May 2023. In my provisional decision, I explained the reasons why I was planning to uphold the complaint. I said:

My decision deals with issues up to the date of SOL's response to the complaint, which was dated 22 November 2022. I'm aware Mr B and Mrs B have also raised concerns about issues since that date. However, they don't form part of the timeframe for this complaint, so I can't consider them.

This has clearly been a very lengthy claim and one that included SOL's contractors causing additional damage while they were carrying out repairs. Mr B and Mrs B said the flooring wasn't done to a satisfactory standard, as it was uneven. I've looked at a report arranged by SOL. This said no records were provided of the condition of the subfloor before replacement, but that the contractor had said the floor had been out of level in a number of areas, which it had tried to smooth out. It noted that attempts to level the floor had "not been satisfactorily achieved due to the condition of the beam and block", which was a structural defect at the time the property was built. The report also noted that the flooring installed was a floating floor, which was unsuitable for kitchens to be installed on top of and that it hadn't been installed in line with the manufacturer's instructions or recommendations, due to the pre-existing issues. SOL later accepted that the flooring shouldn't have been fitted. It agreed to replace the flooring, although it noted that if Mr B and Mrs B selected flooring that was unsuitable for an uneven subfloor that Mr B and Mrs B would need to pay the costs related

to the uneven floor. I think that was reasonable in the circumstances. I will comment on the way I think the claim should be settled later in my decision.

Mr B and Mrs B also said SOL damaged the kitchen. A company appointed by SOL said when the kitchen was "installed back they didn't leave correct gap around cooker and units and doors are scorched". So, I think SOL needs to pay for this to be repaired. I'm aware Mr B and Mrs B had paid the contractor to replace the kitchen and were unhappy with the quality of some of the work. However, this was private work and didn't form part of the claim. So, I currently intend to say SOL doesn't need to pay for any repairs to the kitchen that are solely due to issues with the private work.

Mr B and Mrs B have also said SOL's contractors used an upstairs bathroom without permission while they were on holiday and caused a significant water leak. The contractor dealt with the leak and the resulting damage. Mr B and Mrs B have said SOL should pay for a replacement ensuite bathroom, which they paid privately for the contractor to replace. I've looked at the invoice and this showed that the contractor supplied and fitted a whole new ensuite bathroom. I haven't seen evidence that a new bathroom was required as the result of the leak. Where a bathroom is removed as part of the claim, I would normally expect it to be refitted and I wouldn't expect an insurer to pay for a new bathroom. I also don't think SOL should pay for a new bathroom as a form of compensation for the inconvenience Mr B and Mrs B have said they were caused. This is because, even though I'm aware of Mr B and Mrs B's strong views on this, I haven't seen evidence that persuades me the contractor was more likely than not responsible for the ensuite leak. But even if I did think that, I'm not of the view that paying nearly £3,000 for a whole new bathroom would be a reasonable form of compensation.

Mr B and Mrs B have said they want a cash settlement for the outstanding works. In the circumstances, I think that is reasonable. So, I currently intend to say SOL should settle these works based on the full assessment and estimate that was previously prepared for this purpose. Due to the passage of time, SOL should pay an additional 10% on top of this amount to account for increased costs.

Mr B and Mrs B are also concerned about alternative accommodation during the works and that items will need to be stored. So, I currently intend to say that SOL should pay for one week's alternative accommodation, subject to Mr B and Mrs B providing it with evidence of reasonable costs. If alternative accommodation is required for longer than that, SOL may assess the need for this accommodation and whether it should make a further payment. I also currently intend to say that SOL should pay the reasonable costs of storing items such as parts of the kitchen, carpets and furniture, subject to Mr B and Mrs B providing evidence of reasonable costs for this.

I've also thought about compensation. Mr B and Mrs B have clearly been affected over a prolonged period of time by this claim and related issues. SOL have already offered Mr B and Mrs B £1,250 compensation because of the issues identified, which includes a contractor drilling through a pipe early in the claim, which led to additional damage. Having thought carefully about everything that happened, I think the compensation offered was reasonable in the circumstances. In my view, it is a substantial amount of compensation that is in line with the amount I would have said SOL should pay if it hadn't already offered it. SOL should ensure that it has made the full payment to Mr B and Mrs B.

I asked both parties to send me any more information or evidence they wanted me to look at by 27 June 2023. Both parties replied before that date.

SOL agreed with my decision to pay for alternative accommodation. It said it would pay for up to four weeks based on a budget hotel or property rental. It said it would only pay for

alternative accommodation to put right its poor workmanship and that any private work or work not covered by the insurer wouldn't be covered by it. It also said it wouldn't disagree to the 10% uplift to the costs of the works.

Mr B and Mrs B also replied. They provided a number of additional documents along with some further comments. I have summarised the comments:

- They said they were desperate to show SOL's wrongdoings. They also wanted to make clear that most of the payments SOL made to them were gestures of goodwill.
- They had only asked for a cash settlement to enable them to be in control of the quality of the works and the finish and to avoid having to use SOL's contractor again.
- They were in rented accommodation for six months and then lived in a caravan for another month.
- The ensuite leak was a mystery, but SOL was guilty. The area was out of bounds and empty pipes don't flood. Mr B and Mrs B were told a temporary repair had to be carried out but, to make sure, the floor and shower had to be removed.
- For the kitchen, the work schedule clearly showed that units and worktops needed to be put into storage. The kitchen had been fitted new about 10 years before and it was still in excellent condition.
- They continued to feel forced to replace or pay for new kitchen units as SOL had suggested it wouldn't need to pay for fitting.
- The kitchen units had been stored on site. Mr B and Mrs B weren't living there at the time, but SOL therefore took responsibility for them. Mr B and Mrs B felt so desperate that they agreed to new units. But they shouldn't have been put in that situation.
- The flood in the bathroom was so bad that SOL installed dryers, which hadn't been the case earlier in the claim.
- The contractors also broke the toilet seat and lid. Mr B and Mrs B wanted to provide all the information so I had a true picture of SOL's attitude towards people's possessions. The contractors couldn't wait for the removal company so moved the fridge and freezer and scraped and dented them. They said SOL had paid for a new fridge-freezer and toilet seat but that it clearly showed the lack of skills and appreciation for other people's property.
- The schedule of works clearly stated that a levelling compound should be laid. They questioned why, if the floor base had an issue, SOL didn't have any notes of this. If SOL knew there were floor base issues, they questioned why the work continued.
- They questioned how SOL would deal with a subsidence claim and whether it would have acted as unprofessionally.
- They said the contractor had threatened Mrs B and that this hadn't been challenged by SOL as the working relationship was far too close.
- They said there were issues with the kitchen installation and that the hot and cold pipe in the ensuite had been fitted the wrong way round and his own plumber had to fix it.
- The poor level of skills and workmanship seemed acceptable to SOL.
- Mr B and Mrs B had tried to get an independent surveyor involved, but when they explained why they needed a survey, surveyors said they wouldn't get involved and that Mr B and Mrs B should give up as they wouldn't get anywhere.

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 uphold this complaint and for the reasons given in my provisional decision. As part of that I've considered the comments from both parties. If I don't cover all of them here, it is because I have focussed on what I think I need to consider in order to make a fair

and reasonable decision. I am also aware of Mr B and Mrs B's continued strong views about their claim and the actions of SOL. I considered all of their comments when I made my provisional decision and the comments they have now submitted. I have also looked at the additional documents they have provided.

I was already aware of the extent of the damage Mr B and Mrs B have said SOL was responsible for and their concern about what happened in the ensuite bathroom and to their kitchen. I remain of the view that what I said SOL should do to deal with the outstanding issues at the property was reasonable and, as some of the work was private work, SOL wasn't responsible for that, including the costs or quality of the private work.

I've also thought about SOL's comments. It has said that it is willing to pay up to four weeks alternative accommodation while works related specifically to the claim take place. I haven't changed what I require SOL to do in terms of paying for alternative accommodation and storage, as what I have said doesn't prevent it from paying for up to four weeks, subject to it being satisfied that it should pay those costs.

Having again considered what happened, including Mr B and Mrs B's additional comments, I also remain of the view that the £1,250 already offered by SOL as compensation is reasonable in the circumstances.

Putting things right

SOL should pay for the outstanding works based on the estimate previously prepared for that purpose and pay an additional 10% on top of this amount. It should also pay for one week's alternative accommodation and assess any requests for accommodation beyond that period. It should also pay storage costs and ensure it has paid the £1,250 compensation it previously offered.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that this complaint is upheld. I require Society of Lloyd's to:

- Pay for the outstanding works based on the estimate previously prepared for this purpose.
- Pay an additional 10% on top of that amount to account for any increased costs.
- Pay for one week's alternative accommodation, subject to Mr B and Mrs B providing suitable evidence of reasonable costs.
- Assess any requests for alternative accommodation beyond one week to consider whether it should pay for this.
- Pay storage costs, subject to Mr B and Mrs B providing it with suitable evidence of reasonable costs.
- Ensure it has paid the £1,250 compensation it previously offered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr B to accept or reject my decision before 4 July 2023.

Louise O'Sullivan
Ombudsman