

The complaint

Mrs C complains about AA Underwriting Insurance Company Limited's (AA) handling of her home insurance claim and the cash settlement amount offered.

What happened

The background of this complaint is known in detail to the parties involved so I'll summarise what I've found to be the key points.

- In February 2022 Mrs C made a claim on her AA home insurance policy for damage to her conservatory in recent high winds. AA asked Mrs C to obtain quotes for repair. She liaised with three contractors who all said the extent and nature of the damage meant the conservatory could not be *repaired* and instead needed *replaced*.
- AA sent its contractor (Company A) to validate the damage. They concluded it was caused by storm and could be repaired. Mrs C disagreed and sent further information from her contractors as to why a repair wasn't possible and raised concerns that the conservatory locks no longer worked, and it was still leaking.
- In April 2022 AA said that if Mrs C didn't want Company A to carry out the repairs it could cash settle for these costs instead. Mrs C couldn't find anyone to do a repair, so she agreed for Company A to do this on the basis the work would be guaranteed.
- There were then disagreements regarding a date for the works to start, which Mrs C says prevented her from going on holiday because in doing so she would be leaving her property unsafe as AA still hadn't fixed the conservatory locks by that point.
- It took until May 2022 for Company A to attend Mrs C's property to fix the conservatory locks and 'make safe'. After which Mrs C told AA that the doors locked but were not in line and that water was still coming into the conservatory.
- AA apologised for the delay to repair and explained it was still waiting on a report from Company A. It proceeded to chase this, but in June 2022 it told Mrs C that Company A would need to make another visit to her property to reassess the damage.
- Mrs C complained that four months had passed since she logged the claim and water damage was ongoing. She said she was told the report AA had spent several months chasing would allow the works to go ahead, instead another visit was required.
- AA accepted there had been delays and apologised. It explained that Company A would reattend to go through the proposed repair and explain to Mrs C how it would put the conservatory back to its pre incident condition. Mrs C was advised that if repair wasn't viable after this visit AA would meet replacement costs.
- Mrs C agreed for Company A to reattend, and a repair was carried out in July 2022. Soon after Mrs C contacted AA to complain about the quality of the works and to explain the conservatory was still leaking – she provided photos to AA.
- AA tried to arrange for Company A to revisit Mrs C's property, but she declined saying she no longer trusted their work. AA therefore proposed a cash settlement of

£5,579.12 (plus VAT) which it said was its limit of liability for a full roof replacement had Company A carried out the work. Mrs C didn't accept this amount as it didn't cover the cost to replace the conservatory. She brought a complaint to this service.

- Mrs C made several complaints over the duration of her claim regarding AA's handling of it, its delays and poor communication and the quality of the repairs. AA accepted its service had not been to the standard it expected and upheld/partially upheld all the complaints made. It apologised and offered a total of £650 compensation to Mrs C; however, it maintained its position on the cash settlement offer for a replacement roof and didn't agree to replace the conservatory.
- Our investigator considered the complaint and upheld it. They recommended that AA appoint an independent party to visit Mrs C's property and complete a report on the damage. They said Mrs C should then obtain two quotes to have work carried out as per the recommendations of the report and AA should then settle at these costs.
- AA disagreed and said it was being asked to do something it could not fulfil as it only has one contractor available. The investigator asked if it would cover the cost of Mrs C arranging this, but this too was declined by it.

As a resolution wasn't reached, the complaint was passed to me to decide. In June 2023, I issued a provisional decision on it, giving both parties time to respond. In it I said:

- *Based on what I've seen so far, I'm minded to uphold this complaint. I'll explain why.*
- *AA accepts that the damage caused to Mrs C's conservatory was the result of storm and has agreed to settle the claim. The dispute, and therefore what I need to consider in this case, is about how this should be done and at what cost.*
- *It's worth noting that buildings insurance policies are generally policies of indemnity. That means any claim settlement should aim, where possible to put the policyholder back in the position they were in just before the loss or damage happened.*
- *It's not in dispute that prior to the loss Mrs C incurred, her conservatory wasn't experiencing the problems she's now claiming for. So any settlement should therefore fully rectify these issues.*
- *Under the policy AA is entitled to settle the claim by repairing or rebuilding the damaged part using its own suppliers or making a cash settlement to the policyholder if they wish to use their own supplier. If AA chooses to repair, it must ensure this fully rectifies the damage and is effective and lasting.*
- *The contractors Mrs C spoke to, inspected the damage and said a repair wasn't possible to rectify it. Reasons given for this were that the "existing structure was damaged beyond repair", the "extent of the damage made a repair impossible" and that it "wasn't a case of just repairing the roof but that the whole conservatory needed to be replaced due to movement" (with a diagram illustrating this).*
- *Company A said the structure hadn't moved but rather the gaps in the conservatory were caused by slipped roof sheets. It proposed to replace these, adjust the French doors and repair the box guttering. But after Company A's repairs, the conservatory continued to leak – causing further internal damage and concerns around water escaping into electrics. Therefore, I'm satisfied the repair wasn't effective and lasting.*
- *To rectify matters AA said that Company A would need to reattend to attempt another repair. But I'm aware that by this point the claim was several months down the line and Mrs C had understandably lost faith in Company A's workmanship and reliability. Therefore, she didn't want them to reattend and she asked AA to appoint a different party to carry out the repairs. This doesn't seem unreasonable in the circumstances.*

- AA admitted its service had fallen below standard. It spent a significant amount of time chasing updates and reports from Company A which delayed the claim. And at the initial site visit Mrs C understood Company A would make safe the conservatory but it didn't do this, leaving Mrs C with a conservatory that wasn't secure for a considerable period of time, which she says prevented her from going on holiday.
- AA seemed to agree that Company A revisiting Mrs C's property was unlikely to be the best decision. So it offered to pay a cash settlement. But this only covers roof replacement, which Mrs C says she's shown isn't viable to rectify the damage. It was for this reason that our Investigator said AA should appoint or pay for an independent party to assess the damage and make a final decision on the correct remedy.
- Mrs C was happy with this as a way forward, but AA declined. So, in the absence of a further independent report, I'm basing my provisional decision on the information already available to me, of which I'm satisfied I have enough to fairly decide the case.
- Essentially, I have three contractors all saying replacement is necessary. More recently one of those contractors has provided more detail explaining that the storm moved aspects of the conservatory framework causing it to no longer be watertight.
- It said the current repairs don't rectify this but simply divert the water ingress to a different position meaning the leak is ongoing. It says it cannot fit a new roof to the existing framework as this wouldn't be effective to rectify the damage caused by the storm and that replacement is the only viable option in its opinion.
- Based on what I've seen of the ongoing water ingress after Company A's repair, I'm persuaded by this opinion and those of the other contractors already submitted. This is further strengthened in my opinion by the fact that AA had the opportunity to complete a suitable repair but failed to do this, further persuading me that a lasting and effective repair isn't possible and so replacement is required.
- It follows on balance of what I've seen in this case, I'm currently persuaded that the storm caused damage to Mrs C's conservatory that's made it unrepairable. So, the fair way for AA to settle this claim is to replace Mrs C's conservatory (on the original foundations). I currently think there are two options to fairly do this and I will consider which is the most suitable on receipt of the parties' comments to this decision.
- The first option is that AA can appoint Company A to carry out the works to replace the conservatory meaning the costs would be covered under the claim and the works guaranteed. I'm aware Mrs C was unhappy with Company A's previous work, but this was in relation to repair. Company A would now be instructed to replace her conservatory so that may or may not change Mrs C's thoughts on this.
- If that option isn't suitable for either party, (I note AA has said it wouldn't reappoint Company A to avoid further distress) AA can cash settle, allowing Mrs C to appoint her own contractors to carry out the replacement. I note from the file that AA already asked Company A to review the quotes by Mrs C's contractors and they stated that the quote for £9,388 (including VAT) to replace the conservatory was reasonable.
- So I'm minded to say that the cash settlement should be for this amount as a starting point, taking into consideration any reasonable increases that may have occurred to the costs detailed in that invoice in the time since it was first produced over a year ago.
- The service Mrs C received over the course of her claim with AA was poor. There were delays, lack of communication and failed promises. And she's been left with a leaking conservatory for a considerable period of time, which has understandably caused her considerable upset.
- AA accepted its service was poor at times and apologised. From what I've seen, it

also paid a total of £650 compensation for this. On balance I think this fairly recognises the distress and inconvenience caused to Mrs C in this case. AA should pay this to Mrs C if it hasn't already done so.

- *AA says it requested more detail from Mrs C about the holiday she says she missed due to the ongoing claim but is yet to receive this. If Mrs C wishes for AA to consider this part of her complaint, she should present the requested information to it.*

AA didn't respond to the provisional decision. Mrs C replied saying she accepted it and that her preference would be to receive a cash settlement for the claim due to her previous experience with Company A. She provided an up-to-date quotation from the same contractors Company A had previously said priced accordingly for the work. The new figure for the replacement conservatory was £11,140 inclusive of VAT.

Mrs C also explained that the quote to replace the conservatory didn't include the costs of the damaged internal works (electrics, plasterwork, redecoration) that were also included in the claim she'd made to AA.

I considered Mrs C's response and wrote to the parties again, providing AA with a copy of the updated invoice and setting out Mrs C's preference of a cash settlement. I said that without a response from AA persuading me otherwise I was likely to conclude that a cash settlement at the invoice amount was fair.

I also set out Mrs C's response regarding the conservatory internal works and that I'd noted that during a call between Mrs C and AA in June 2022, it acknowledged that after the conservatory was repaired/replaced it would appoint an electrician to make the electrics safe and it would also scope for internals.

With that in mind, I said I would likely direct it to pay Mrs C's claim for the conservatory internals and electrics in line with the policy terms and conditions, alongside paying her the £650 compensation (if it hadn't done so already) and considering any losses she incurred as a result of having to cancel her holiday. I gave both parties further time to respond. Mrs C had nothing further to add. AA never replied.

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.

As set out above Mrs C accepted my provisional decision setting out her preference for a cash settlement to replace her conservatory and she provided the updated quote for works as requested. She also highlighted the part of her claim for the conservatory internals which was to be considered once the conservatory was repaired/replaced.

Without a response from AA persuading me otherwise, my findings on these matters remain unchanged for the reasons already set out in my provisional decision and follow up correspondence as set out above.

It follows on balance of the information available to me in this case, I uphold this complaint and I've set out how AA must put things right in my final decision below.

My final decision

For the reasons set out above, my final decision is that I uphold this complaint.

AA Underwriting Insurance Company Limited must:

- Pay Mrs C a cash settlement under the claim at an amount of £11,140 (minus any relevant policy excess) to replace her damaged conservatory.
- Pay Mrs C's claim for the conservatory internals and electrics in line with the policy terms and conditions.
- Pay Mrs C the total offer of compensation of £650 if it hasn't done so already.
- Honour its offer of considering any losses Mrs C incurred as a result of having to cancel her holiday on receipt of the relevant information it's requested regarding this.

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

Rosie Osuji
Ombudsman