

The complaint

Ms X complains about the way that U K Insurance Limited (UKI) dealt with her various home insurance and home emergency claims for water damage to her property.

What happened

Ms X has a number of medical issues and should be regarded as a vulnerable consumer. She made the following claims which UKI cash settled in 2022, net of any excesses:

- November 2016 (two claims) leak from behind washing machine (£828 and £185)
- November 2018 leak from bathroom flexi hose (£1,674)
- January 2022 leak from ensuite (£5,182)
- April 2022 leak from pipe in utility room (home emergency claim) disturbance allowance (DA) only £670

For personal and medical reasons and the impact of Covid-19, Ms X was unable to follow up the 2016 and 2018 claims until late 2021.

Some stripping out and drying out occurred in respect of the 2018 and 2022 claims.

UKI set up a meeting with a loss adjuster at the property when all of Ms X's claims were discussed. Ms X wasn't happy with the meeting and complained about the loss adjuster. She felt that she had been accused of there being no leak. Subsequently UKI took the view that as Ms X couldn't make up her mind about how to proceed and as the claims needed to progress, it would pay her the above cash settlements, which it did so in June and July 2022. Ms X was unhappy with the payments being sent straight to her bank account, she had been trying to apply for a council tax reduction and the council refused to disregard the insurance payments, so she couldn't get a reduction. She feels that the payments were forced on her.

Ms X advised that a payment of £1,924 was missing from the payments. UKI said it had been overlooked and paid the required payment in February 2023.

Ms X further complained that she was misled into believing that, in respect of the home emergency claim, the radiators needed to be power flushed whereas she was told by her plumber there was a leak.

She further believes she should have been offered alternative accommodation (AA) for the claims in 2016 and 2018.

UKI issued a final response to Ms X's complaints. It agreed that her claims could've been handled much better. It said it should've appointed a single person or loss adjuster to manage all of the claims so that she felt comfortable and didn't find its processes as confusing. As she didn't believe she had been paid enough money for all of the costs she felt she was entitled to, it proposed appointing a loss adjuster to review all of the claims and the

costs to ensure she'd received sufficient settlements for all of her claims costs. It further paid her £1,000 in respect of the delays, upset and trouble she'd experienced throughout the handling of all of her claims.

On review by our Investigator, they said UKI's response was reasonable except that rather than a loss adjuster, an independent loss assessor should be appointed.

Both parties agreed to this, Ms X wanted to appoint her own loss assessor to consider all the claims and the compensation. She is unhappy with the amount of compensation paid to her as this doesn't adequately reflect the way she feels she was treated.

I issued a provisional decision. In it I said that, although I thought the proposed remedy was reasonable, Ms X should be given the opportunity to have a loss adjuster rather than a loss assessor to be appointed.

UKI accepted my decision.

Ms X made further comments. I shall set those out below and reply to her points.

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.

My provisional findings are set out below in italics.

"appointment of loss assessor"

I note that Ms X is unhappy with the settlements she has received, and UKI did offer to appoint a loss adjuster to consider the claims and all the costs. I note that Ms X would like to appoint her own loss assessor, as our Investigator proposed, and I can see that she might prefer to instruct someone she contacts directly. However I would caution that a loss assessor would be unlikely to be able to manage the claim, they usually instruct third parties like surveyors to assess the costs and to project manage any claim, on the basis that they will be doing any repairs. More importantly Ms X should understand that if she is unhappy with the results of any assessment carried out by a loss assessor she appoints, she would be unlikely to be able to make a further complaint to UKI or to the Financial Ombudsman Service as UKI wouldn't be responsible for someone not appointed by it.

So long as she understands that I would be prepared to direct that a loss assessor be appointed, one from a list of three chosen by Ms X. She would have to provide three names to UKI who would then indicate which assessor to appoint.

Alternatively my proposal would be for UKI to appoint a loss adjuster, not connected to any persons previously involved in running the claims. Such a loss adjuster should be able to as set out by our Investigator, assess all the claims, any outstanding issues, manage the claim and arrange any further settlement. And as I've said if Ms X remained unhappy she would still be able to make a further complaint, as UKI would continue to be responsible. If this

option is preferred, UKI would provide three names to Ms X who would choose the adjuster to appoint.

Any such settlement that resulted would need to be based on private contractor rates rather than the rates UKI would be able to obtain from any of its panel contractors. As the original payments were made on 27 June 2022, in respect of any further payments due from this

exercise, it should add interest from that date to the date it reimburses Ms X.

Ms X should indicate what she prefers in response to this provisional decision. If necessary she can discuss it with our Investigator.

forced cash payment

Ms X feels that she was forced into having cash payments for her claims, without her consent. She says that as a result she lost the opportunity to have a council tax reduction in respect of arrears of council tax she owes.

I can understand why Ms X was upset over this – it does seem unfair that the council would treat the insurance payments in such a way. However, as regards UKI's position, some of the claims had been outstanding for a number of years and as Ms X couldn't make a decision as to what she wanted to do, I don't think it was unreasonable for UKI to make cash payments. She would then have been able to have the work done at her own pace. If UKI had just let the matter drift it would rightly expect criticism. Also, UKI didn't know about Ms X's council tax position when it made the payments, and the normal procedure is for insurers to make direct transfers. I think it likely that any payment by cheque, and paid into a different account would have had to be declared to the Council in any event.

attitude of the loss adjuster

I note that Ms X was unhappy with the loss adjuster who visited the property. She says she was stopped from taking notes, though I note the loss adjuster says they suggested this wouldn't be necessary as they would be supplying her with a full note. However any view of the loss adjuster's conduct must be subjective and given that the loss adjuster didn't think there was anything wrong with their conduct, there's insufficient evidence for me to make a finding about this.

misleading regarding the leak under the utility room floor

Ms X says she was told by the plumber who attended from the home emergency team that there was no leak and the radiators just needed a power flush (not covered under the policy). My experience of viewing such claims is that this is often suggested. I can't say the plumber was wrong in that respect as it was their opinion. In respect of the claim, the tracing and fixing of the leak was not covered, so it was Ms X's responsibility to pay for this. I note that Ms X was without hot water for a month but UKI did pay a disturbance allowance for her and her son. The purpose of that is to cover extra expense incurred when there was a lack of hot water. I think UKI acted reasonably here.

delay in receiving payment

This refers in particular to the payment outstanding in respect of the cash settlements. It appears that this was due to an administrative error. This can be remedied by UKI paying interest on the late paid sum from 27 June 2022 until payment.

fail to provide AA

This refers to the claims in 2016 and 2018. AA would be paid where the property is uninhabitable, i.e. without basic cooking or washing facilities. I don't think that applies here.

outstanding disbursements

I note that Ms X has outstanding expenses relating to laundry costs in 2016 when the washing machine was out of action and/or when there was no hot water. She should present the disbursements to UKI for consideration by the appointed loss adjuster or assessor.

table and chairs

I understand these were damaged at the time of the November 2018 claim. UKI has agreed in principle to pay for or replace these, so it should deal with this.

handling of the claims

I can understand that the number of claims and the disjointed way of dealing with them would have caused upset and I think Ms X's particular vulnerabilities weren't taken adequately into account. It was for that reason that a loss adjuster to oversee all the claims was proposed. I think that was a reasonable proposal.

compensation

This won't be dealt with by the loss adjuster/assessor. Ms X doesn't feel that she has been given enough compensation. She has told our Investigator that she is still living in a cold house, with the ceiling in the hallway removed where asbestos was found. I would point out that it would have been reasonable for UKI to expect that she might at least get some works under way with the settlement she's received.

Ms X has received £1,000. Such a payment might be appropriate where the impact of any inadequacies has caused substantial distress, upset and worry. There may have been serious disruption to daily life over a sustained period, with the impact felt over many months. I think this applies in Ms X's case as especially concerning the failure adequately to take into account her vulnerabilities. But I do think that the payment of £1,000 is reasonable and I won't be directing UKI to increase that payment.

As for Ms X's assertion that there has been discrimination and a breach of the Equality Act, such a finding can only be made by a court. However I reiterate that her vulnerabilities weren't taken fully into account, and that the compensation awarded is reasonable to reflect that."

Ms X's comments, indented, and my replies, not indented

She is not satisfied with the 8% Interest offered and would like it to be renegotiated to a higher rate due to inconvenience and hardship.

The payment of interest is not intended as compensation for distress and inconvenience, nor to penalise UKI, but rather, if a payment should have been made at a certain time, to reflect the length of time Ms X won't have had that money. The 8% rate is a standard one which won't be altered.

For the November 2016 and January 2022 major water damage claims Ms X says full quotes have been submitted as requested via the Investigator. Regarding the outstanding expenses when the washing machine was out of action, she says all receipts were present and ready for the loss adjuster at the time of her visit but she would not accept or acknowledge them.

Ms X should submit the quotes and receipts for the outstanding expenses to the appointed loss adjuster. Our Investigator can help with producing the necessary documents she sent us, if needed. However, I can't really comment on what she says about the loss adjuster's

attitude here - I refer to my provisional findings concerning that visit.

Having no means of showering has caused further damage to her spinal condition and hardship.

I note what Ms X says but on balance I think the amount of compensation paid is reasonable.

She was offered AA for the time she was without hot water, but she had to ask for it and only found out through her plumber. She wasn't offered the higher amount of AA which is in her policy. She was only offered the budget accommodation, with no extra for food, which was impossible to arrange.

I understand that this was for a short period when she was without hot water. There is no "higher amount" payable under the policy for AA. There is a maximum limit of £25,000, but her entitlement was for "like for like" accommodation which would be difficult to provide in respect of a hotel. And though she may have perceived the offer as a budget hotel, I can't comment on availability. UKI admitted that its agent failed to offer AA but did offer £10 a day per person payment for food. I note it was impossible to arrange, meaning Ms X stayed in her home, and was paid DA instead. I think that was reasonable in the circumstances.

Regarding being forced into a cash settlement paid into the wrong account without her authority it not only caused inconvenience and hardship, it caused a lot of anxiety and affected her mental health and wellbeing.

I am sorry that this caused Ms X so much anxiety. But as I said in my provisional findings I can't find that UKI was responsible for this.

Ms X prefers the option of UKI appointing a loss adjuster.

I note that and will direct accordingly.

She would like it acknowledged that UKI threatened her that, on renewal, if she didn't take out its insurance for which it told her she needed a rebuild valuation, it would tell other companies, when discussing on the phone.

As our Investigator told Ms X at the time, this was a discussion with her bank, not UKI, who arranged the policy and she should take this up with the bank.

In summary I remain persuaded by my provisional findings which are now final and form part of this final decision

Putting things right

UKI should appoint a loss adjuster unconnected with the claims chosen in the way described above (UKI is to provide three names to Ms X who would choose the adjuster to appoint).

That loss adjuster should assess the various claims and assess the right payment for each claim, based on private contractors' rates, and manage and deal with any settlement.

UKI should make any further payments required and add 8% simple interest to any additional settlement from 27 June 2022 until it repays Ms X. This includes the delayed payment made in respect of the original settlement.

UKI should also deal with the replacement or payment for the damaged table and chairs.

My final decision

I uphold the complaint and require UK Insurance Limited to carry out the remedy set out under “Putting things right” above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Ms X to accept or reject my decision before 15 August 2023.

Ray Lawley
Ombudsman