

The complaint

Mr and Mrs T have complained about their property insurer U K Insurance Limited (UKI) regarding its handling of a claim they made when there was a water leak at their home.

What happened

Mr and Mrs T were away on holiday in December 2022 when their bungalow, particularly its kitchen, was damaged by a leak from water apparatus in the loft. Their son began organising some mitigation work, he advised UKI that his parents would want to return to the house when they came back, and a temporary kitchen was installed in the garage.

In January 2023 Mr and Mrs T were still living in the damaged property, a digital assessment of the damage had been completed by a loss adjuster on behalf of UKI and invoices and estimates from the contractor initially employed to complete mitigation works were being considered. Mr and Mrs T felt the claim was stalling. Mrs T had been undergoing treatment for a serious medical condition and they'd thought the claim would be quickly settled. They were disappointed that was not proving to be the case.

In February 2023 it was agreed that although they had some benefit from the temporary kitchen, they could also have an allowance to off-set extra costs of living in the damaged property. UKI said it would pay them £15 each per day of being in the property, but from any total to pay it would deduct the cost incurred for installing the temporary kitchen.

Mr and Mrs T then moved into hotel type accommodation in mid-February, with a move to short-term let accommodation scheduled for March 2023. Following a failed move on 8 March, their taking a short holiday, and a further rescheduling of removal arrangements, they moved to the let property on 28 March 2023. UKI noted the hotel bookings had not included evening meals, it said it would pay them £15 each for 24 days and £720 was subsequently paid to them on 24 March 2023. With £90 for a further three days being paid later (in August 2023 as part of a larger payment).

Whilst the accommodation had been being discussed, a further loss adjuster visit had taken place, with UKI wanting a surveyor to view the damage too. Following the second loss adjuster visit Mr and Mrs T instructed a loss assessor to deal with the claim on their behalf. This was because they were generally concerned about the claim, with particular worries about how the loss adjuster might be handling it. A visit from UKI's surveyor was put on hold. At the end of March 2023 it was agreed that a UKI surveyor could attend. At this time there was an invoice outstanding from the mitigation works and what work was needed to reinstate the home, along with its cost, was still under discussion.

UKI issued two final responses to Mr and Mrs T at the end of March 2023 – they did not deal with the concerns Mr and Mrs T had raised with it about the problems with them moving to the let property. UKI answered these concerns in a final response issued in June 2023. In considering how it handled the claim in its final response of 23 March 2023, UKI accepted it had caused some delays and communicated poorly. It said a visit from a surveyor was needed to progress things. It noted Mr and Mrs T had been upset following the second loss adjuster's visit and said their case handler had been changed. It paid Mr and Mrs T £250

compensation. In its June final response, regarding the problems with moving into the let accommodation – UKI paid Mr and Mrs T £500 compensation.

Mr and Mrs T had complained to the Financial Ombudsman Service at the end of March 2023. Our Investigator subsequently considered their concerns raised at that time – including in respect of moving into let accommodation. He felt UKI had caused around six weeks of delay to the end of March. And that the problems with moving house had caused significant upset. Overall, he felt UKI's total compensation of £750 was fair and reasonable.

Mr and Mrs T were disappointed. They said their main reason for complaining to us, was so we'd make UKI take reasonable action to settle the claim. They were upset that they'd disclosed sensitive personal data about Mrs T's condition to no material gain. They remained very upset about the visit on 30 January 2023 – believing the claim was still being delayed by that handler. Mr and Mrs T said they'd recently discovered she hadn't been removed from their claim. They didn't think compensation had been properly assessed.

Our Investigator confirmed that we could not look into Mr and Mrs T's concerns about the case handler not truly having been removed from their claim. He explained that is because this complaint issue post-dated their original complaint to both UKI and the Financial Ombudsman Service, so the concerns had not been considered as a complaint by UKI.

Our Investigator though told UKI it should make a further payment regarding disturbance allowance. He thought it should be paying DA for a total of 73 days, from 31 December 2022 to 11 March 2023, and three days at the end of March. He thought UKI could take the temporary kitchen cost off of any amount owing with interest being paid on any outstanding sum, applied from 10 February 2023 (when UKI agreed the DA) until settlement is made. UKI agreed £750 was outstanding and said it would arrange for a payment to be made.

As Mr and Mrs T remained unhappy overall their complaint was passed for an Ombudsman's decision.

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.

Unsuitable condition of home

The conditions Mr and Mrs T were living in when they came home were clearly unsuitable. But I see UKI was originally communicating with their son who arranged the installation in the garage. Clearly that was expected to be a short-term fix. I note that when Mr and Mrs T asked to move out that was agreed. I don't think UKI failed them in this respect.

Disturbance allowance (DA)

A DA is often paid when policyholders live in an uninhabitable home, or a home or other short term alternative accommodation (AA) lacking certain essential facilities. Such as a hotel. It's paid to make up for extra costs spent. It's usually paid at a rate of £10 per person per day. UKI paid £15 each per day here. It's now agreed to pay that over the whole period Mr and Mrs T stayed in their home/in short term AA (73 days, with 27 of that total having been paid already). And UKI had paid for a temporary kitchen which, in itself helped reduce other extra costs. I think it's fair to let it deduct its cost for the temporary kitchen from what is owed for DA (£1,380 - £630, giving £750). That's because it was installed to mitigate some extra costs. But it should pay interest* as Mr and Mrs T should have had this money sooner – from 10 February 2023 is a fair date in my view. I'll make an award in this respect – but if any part of the outstanding sum has been paid, UKI won't have to pay it again.

Alternative accommodation (AA)

I can see that UKI was having difficulty finding AA. Which then meant Mr and Mrs T had to become involved. There were then problems with arranging move dates and removals. I absolutely appreciate that was very stressful as well as inconvenient for Mr and Mrs T, particularly as one of the failed moves was just before their holiday. That caused them to need further temporary accommodation when they returned home – with there being a further problem then too. The problems impacted their holiday, which had been booked to help avoid some of the claim stresses. The move to AA should've been managed much better by UKI. I don't doubt these failures were a huge source of stress and worry for Mr and Mrs T.

Disclosed vulnerability

When Mr and Mrs T had returned home in December 2022, they'd told UKI of Mrs T's medical condition. They were aware that with a vulnerability like that, they'd be given priority. Weeks later they found out their file had not been marked with the vulnerability – and even when that was done, they felt they gained no priority status.

I think UKI acted poorly in this respect. It should have noted the file immediately – and I can understand the frustration Mr and Mrs T felt when they found out this had not been done. As Mr and Mrs T said, even having just been given a single point of contact would have helped them – they had multiple contacts and often emails weren't replied to. I can see that was frustrating for them. I think though, that is the main thing UKI could likely have done in this instance. The property had or was already being stripped and dried, and the next phase of the claim was validation for reinstatement work. And UKI wasn't doing the work so it couldn't, for example, look to expedite attendance of a contractor to start work. If UKI had recorded the vulnerability that might have caused the loss adjuster's visit to have occurred a week or two earlier than it did. But once that happened the claim stalled. I don't think moving that visit up by a couple of weeks would have avoided everything else. So whilst I'm satisfied that UKI failed Mr and Mrs T in this respect, which undoubtedly caused them some upset, I think that failure had a limited impact on the claim itself.

Loss adjuster's visit

Mr and Mrs T are unhappy with the conduct of their loss adjuster case handler during a visit on 30 January 2023. They've clarified they are most upset by what they see as her poor attitude, arriving at the home and saying that because they'd complained she was now going to take them down a very long road. UKI asked the case handler about this. She recalls explaining that she works in the complex claims team, that they'd now be dealing with the claim. UKI has confirmed the visit occurred because the complex claims team had been asked to deal with the claim due to its value.

I appreciate how upset Mr and Mrs T feel about this. I should explain though that it's always very difficult for the Financial Ombudsman Service to make findings about face to face encounters like this – for example we aren't a court so don't have powers to cross examine people. And, unless there is video or voice recording evidence to consider, there's often little verifiable independent detail to refer to decide which party is most likely correct in their recollection. I bear in mind that Mrs T has said that she, Mr T and their contractor all recall the comment the same. But I also must bear in mind that the claim had been passed to the complex claims team and the case handler's explanation of what she said, or intended to express, makes sense. I absolutely believe that Mr and Mrs T recall the comment as they've expressed. And I accept that caused them worry. They acted to mitigate that by appointing a loss assessor. But the course of the claim itself did not change and I'm satisfied, in the period I am considering, it wasn't impacted in any way by any negative action or view of that case handler. It clearly stalled until the end of March – the period up until which I'm looking at – but I haven't seen that was because of anything the case handler did.

I'd add here that UKI told Mr and Mrs T, at the end of March, that, due to their concerns, it had changed the loss adjuster – the company was the same but they'd been assigned a new case handler. I think that acting in that way was absolutely the correct response for UKI to make. It doesn't mean UKI accepted the case handler had acted inappropriately. Rather UKI could see how upset Mr and Mrs T were and acted pragmatically to make a change to try and ensure the claim could move ahead more smoothly. I know that recently Mr and Mrs T have come to believe that the case handler wasn't really removed, that she remained involved. As our Investigator explained, they need to address their concerns in that respect with UKI, and then make a separate complaint to the Financial Ombudsman Service if they aren't happy with its response. In terms of this current complaint, it's my view, that UKI's assurance, expressed in its final response of March 2023, that the case handler had been changed, was a fair and reasonable response to the situation where Mr and Mrs T had clearly lost faith in the handler who had visited on 30 January 2023.

Value of claim

I know Mr and Mrs T think that there was no need for the claim to be moved to any complex team because following an initial video assessment, UKI had determined their property could be repaired for around £13,000. But I bear in mind that whilst UKI had assessed that value, it wasn't doing the reinstatement work and needed to see costs from Mr and Mrs T's contractor. In January it received an estimate for reinstatement from Mr and Mrs T's contractor for over £50,000. It then would have been unreasonable for UKI to progress without considering those costs. The estimated sum being so significantly higher than UKI's assessed value naturally meant the involvement of the complex team was required, as well as a surveyor. I'm satisfied UKI acted reasonably in this respect.

Progress of the claim

As I've said, the value of the claim, along with some concerns UKI noted with an invoice it had received, meant UKI felt a surveyor was needed. This was booked for February 2023, but then cancelled by Mr and Mrs T. I see that UKI tried to get it re-booked but their loss assessor wasn't inclined to allow involvement from the firm the surveyor was from. The visit was still outstanding at the end of March when UKI's final response was issued. I'm satisfied that this is why there was little progress in the claim in February and March 2023. Whilst Mrs T was clearly vulnerable, I couldn't reasonably expect UKI to have foregone the assessment of a surveyor – not when it had queries about the work done and reinstatement.

Outstanding invoice

I appreciate it's important for Mr and Mrs T to have invoices paid. I know they feel UKI hasn't really investigated its concerns about the invoice it took issue with. They feel the case handler on 30 January 2023 should have asked questions, but didn't do so. But, from what I've seen, the surveyor's input was felt to be needed. In the period up to 23 March 2023, I think UKI acted reasonably regarding the invoice.

Complaint resolution

I know Mr and Mrs T have said they complained to the Financial Ombudsman Service primarily so we'd direct UKI with the claim going forwards. But whilst this service will often ask complainants what resolution they're looking for and will sometimes make directions about the claim to resolve complaints, what we find to be the fair and reasonable resolution will vary in the circumstance of each case. Here, as of March 2023, Mr and Mrs T's claim, and any points in dispute about it were not at deadlock – UKI had said it had changed the loss adjuster case handler, it was reasonably considering the disputed invoice as well as what was needed for reinstatement, and the AA situation had been resolved. So payment of costs and compensation are the fair and reasonable resolutions for consideration here.

Payment for DA was outstanding when UKI issued its final response on 23 March 2023. As noted above payments were subsequently made and it's now agreed to pay an additional sum. I've said that payment should include interest.

In terms of compensation, UKI has paid Mr and Mrs T £750. Having taken everything into account, even accepting how they feel about the loss adjuster's visit on 30 January 2023, I think that is fair and reasonable. I know Mr and Mrs T think we do or should pro-rate compensation at an hourly rate. But that is not how we assess compensation. As our Investigator noted, there's at most six weeks of delay in the period up until 23 March 2023. Mr and Mrs T were clearly caused a lot of upset during that time and they were also doing a lot to try and move things forwards. And an award of £750 reflects the top end of awards we make where there's: "considerable distress, upset and worry – and/or significant inconvenience and disruption that needs a lot of extra effort to sort out. Typically, the impact lasts over many weeks or months, but it could also be fair to award in this range if a mistake has a serious short-term impact." I'm satisfied that £750 compensation is fair and reasonable in the circumstances here.

Final decision

I'm aware that during our process, Mr and Mrs T have referenced taking court action. They should be aware that my decision, if they accept it within the deadline set, is binding on UKI. If they don't accept it, or do so late, UKI won't be bound by it. If they wish to pursue court action, they may wish to take legal advice before deciding whether or not accept the decision. That's because they may not be able to accept it and still pursue in court any elements they're dissatisfied with.

Putting things right

UKI has agreed to pay Mr and Mrs T £750 to settle the outstanding disturbance allowance, plus interest* applied from 10 February 2023 until payment is made. If this, or any part of it, hasn't already been paid, it now should be.

My final decision

For the reasons set out above, I require U K Insurance Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs and Mr T to accept or reject my decision before 4 December 2023.

Fiona Robinson
Ombudsman