

The complaint

Miss P and Mr P complain about how esure Insurance Limited (esure) has handled two claims on their home insurance policy and about the service they got from esure.

Although Miss P and Mr P are joint policyholders, Mr P has been dealing with the claims and with this complaint – so I'll mostly refer to him in this decision.

esure are the underwriters of Miss P and Mr P's policy, so it's their insurer. Part of this complaint is about how esure's agents have acted. As esure has accepted it's accountable for the actions of its agents, in my decision, any reference to esure includes the actions of its agents.

What happened

For the purposes of this decision, I'm just going to summarise what I think are the key facts and background, since the full details of both are familiar to Miss P and Mr P and esure.

Miss P and Mr P's home was damaged by water after there were two separate leaks in two of their bathrooms. I understand both leaks caused damage to some (but not all) of Miss P and Mr P's kitchen units (among other things). So Miss P and Mr P made claims on their home insurance policy for each of the leaks.

I understand esure initially offered to cash settle Miss P and Mr P's claims. But when Mr P disputed esure's initial cash settlement offer, it asked Mr P to get his own quotes for the repairs. When this proved difficult for Mr P, esure appointed its own agents to carry them out. The schedule of works esure prepared showed Miss P and Mr P would have to contribute 50% to the cost of replacing their undamaged kitchen units, although esure has said it would pay all of the labour costs for replacing all of them, including those that weren't damaged.

Mr P is unhappy with esure's approach to the settlement of this part of his claims and with the level of service he and Miss P have got from esure throughout the claims process. Mr P wants esure to pay to replace all the kitchen units, including those that weren't damaged by the leaks. Mr P has also said he wants a new cooker, hob, hood and fridge freezer. And he has been worried his boiler has been affected by water damage.

In response to Miss P and Mr P's initial complaint, esure said it was never its intention to cause Miss P or Mr P any stress or upset in its handling of their claims. It also apologised if its stance on a 50% contribution towards undamaged items wasn't explained to Miss P and Mr P.

Following this response, and having experienced further problems with the claims, Mr P brought his and Miss P's complaint to us. The investigator who looked at it upheld it in part. He recommended esure pay Miss P and Mr P £500 in compensation for the trouble and upset its handling of their claims had caused them. But he said the terms and conditions of Miss P and Mr P's policy made it clear anything undamaged by the leaks wouldn't be

covered, so he thought esure's offer was fair. In relation to the kitchen appliances Mr P wanted esure to pay to replace, our investigator said he wouldn't expect esure to replace them unless they'd been damaged. So he recommended esure get a specialist to inspect them to see if they were.

esure didn't accept our investigator's recommendation in relation to compensation. It thought its decision to contribute 50% to the cost of replacing the undamaged kitchen units and to cover all the labour costs for all the replacement kitchen units was fair "*for the service failings identified*".

As I've mentioned, after our investigator gave his view on this complaint, Miss P and Mr P had another leak in their home and have a third ongoing claim with esure. For the avoidance of doubt, my decision here is only about Miss P and Mr P's complaint about esure's handling of their first two claims.

I gave my provisional decision on this complaint on 3 July 2023 and explained why I intended to uphold Miss P and Mr P's complaint. The decision was provisional because I wanted to give Miss P and Mr P and esure the chance to let me know whether the damage caused by Miss P and Mr P's third leak had any impact on the damage caused by the first two – which in turn could've affected my findings on this complaint.

Both Miss P and Mr P and esure have accepted my provisional decision, which has now come to me for a final 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.

Having done so, I don't uphold Miss P and Mr P's complaint about how esure has offered to settle their claims. But I do uphold Miss P and Mr P's complaint about the service they've had from esure. I explained my reasons for reaching these conclusions in my provisional decision as follows:

"esure's claim settlement offer

Mr P has said he's unhappy esure initially offered to cash settle this part of his claim, meaning he had the trouble of getting quotes for the repairs. But Miss P and Mr P's policy says esure can choose how it settles their claim, including by making a cash settlement. This is a standard term in home insurance contracts and I don't think it's unfair. In any case, though, I think esure acted fairly when it subsequently agreed to carry out the repairs itself.

Mr P wants esure to replace all of his kitchen units, including those that weren't damaged by the two leaks. I can understand why, if an exact match for the undamaged kitchen units isn't available, Miss P and Mr P think this is fair. But Miss P and Mr P's policy has a specific term saying esure won't pay any extra cost in "altering or replacing any items or parts of items that aren't lost or damaged that form part of a set, suite or other article, of the same type, colour or design". And insurance policies like Miss P and Mr P's are designed to give specific cover for damaged items only – not for undamaged ones.

In situations like these, we think a compromise is a fair and pragmatic way forward. esure says it will pay to replace 50% of the undamaged kitchen units and will also pay 100% of the labour costs in replacing them. Based on what I've seen so far, I think esure's offer is fair and reasonable.

Since our investigator gave his view on this complaint, esure has sent us a breakdown of the costs for replacing the kitchen units, including the undamaged units. It says the cost of replacing the undamaged units is £841.51 and the associated labour costs are £474.24, bringing a total of £1,315.75. esure says this means its contribution to the replacement of the undamaged units is £657.88. But I think – based on this quote – esure’s contribution would be £420.76 (that is, half the cost for the undamaged units) plus £474.24 (that is, the whole of the labour costs), which totals £895. In saying this, I’m mindful that this quote is from November 2022. A number of months have now passed and so a new quote may be needed. But I want to be clear that esure’s offer was to pay all of the labour costs associated with the replacement of the units – not 50% of them – and I think it’s fair and reasonable it follows through on its offer to pay all of the labour costs.

I’ve mentioned that Mr P wanted some of his kitchen appliances replaced as part of his claims. Our investigator has recently spoken to Mr P and I understand his fridge freezer and boiler are ok but his electric oven and gas hob have been “condemned”. I don’t know if the damage to these last two appliances was caused by one or other of the first two leaks. But, in any case, our approach here is that we’d expect esure to replace items that are shown to have been water damaged as part of its settlement of the claims.

esure’s service

Mr P says he and his family have experienced “shoddy, unprofessional and insulting treatment” by esure and its agents since the time of the first leak. He also says they’ve experienced “lies, delays, not returned calls, not returned emails, unable to get through by phone to speak with anyone”. Mr P says he and his family have been left with a “gaping hole” in their kitchen ceiling, making the kitchen a health and safety hazard and causing particular difficulties for Miss P. He says he also had to make arrangements to re-house the family dog, who mostly lived in the kitchen.

Due to family illness, Mr P accepts there were some delays on his part in progressing the claims. But esure also accepts there were avoidable delays on its part over the months. Its position is its offer to pay 50% of the cost of the replacement kitchen units and 100% of the labour costs fairly compensates Miss P and Mr P for its service failings. On the issue of esure’s settlement of the claim for the kitchen units, the fair and reasonable approach is for the parties to compromise (and, as I’ve said, I think esure’s offer does that).

The issue of compensation for the distress and inconvenience Miss P and Mr P have suffered as a result of esure’s actions is, however, an entirely separate issue from the settlement issue. Our powers allow us to make a money award for distress, inconvenience, pain and suffering and damage to reputation. This allows us to put right the emotional or practical impact of a business’s mistake on its customer. So that’s what I’ve looked at in Miss P and Mr P’s case.

From what I’ve seen so far and from what Mr P has described, as a result of esure’s handling of the two claims, he and Miss P have suffered considerable distress, upset and worry and significant inconvenience and disruption needing a lot of extra effort to sort out over a number of months. In these circumstances, I think it’s fair and reasonable to direct esure to pay them £500 in compensation for this distress and inconvenience.”

As I’ve already mentioned, both Miss P and Mr P and esure have accepted my provisional decision. And I’ve seen no reason to change the conclusions I reached in it.

My final decision

For the reasons given in my provisional decision of 3 July 2023 (which now form part of this final decision), I uphold Miss P and Mr P's complaint and direct esure Insurance Limited to pay Miss P and Mr P £500 in compensation for the distress and inconvenience it's caused them.

esure Insurance Limited must pay Miss P and Mr P this compensation within 28 days of the date we tell it Miss P and Mr P accept my final decision. If it doesn't, esure Insurance Limited must pay Miss P and Mr P interest on the compensation at the rate of 8% a year simple from the date of my final decision to the date of payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P and Mr P to accept or reject my decision before 24 August 2023.

Jane Gallacher
Ombudsman