

## **The complaint**

Mrs F complains that Fairmead Insurance Limited (“Fairmead”) has unfairly handled an escape of water claim under her home insurance.

Any reference to Fairmead includes its respective agents or representatives.

## **What happened**

The background of this complaint is well known between parties, so I’ve summarised events.

- Mrs F made a claim on her policy following an escape of water in July 2021.
- Fairmead accepted the claim. The property was dried over the next two months, and Mrs F and her family were put into alternative accommodation (“AA”) and given a disturbance allowance.
- Fairmead says that due to errors regarding AA Mrs F had to stay in hotel accommodation longer than anticipated. A contractor was appointed to complete the works, and they visited in October 2021. Following some back and forth Fairmead agreed its costs in November 2021.
- Fairmead said its contractor had delays in completing works due to large items in the home not being removed from the property until February 2022. The contractor reported to Fairmead in March 2022 that Mrs F had stripped the kitchen and removed units which weren’t claim related. And that it suffered a severe rodent infestation that was not claim related.
- Mrs F made a series of complaints to Fairmead about its actions. These included concerns about the handling of the claim, the extent of works (she said a kitchen ceiling needed replacement and separate works to her garage), as well as costs she said Fairmead promised to pay her – including parking and Wi-Fi costs related to her AA, and material costs that were agreed with the contractor.
- Fairmead issued a number of separate final responses: on these matters in November 2021 (“FRL1”), April 2022 (“FRL2”), and September 2022 (“FRL3”).
  - November 2021 (“FRL1”) – Fairmead apologised for poor service and communication and awarded £200 compensation.
  - April 2022 (“FRL2”) – Fairmead said it was satisfied that use of stain blocker and repainting Mrs F’s kitchen ceiling was sufficient and that a replacement wasn’t necessary. It considered damage to the garage and agreed to pay a cash settlement in line with Mrs F’s wishes. It also detailed a rodent infestation that it said Mrs F had said was resolved that prevented works going ahead.

Fairmead stood by its cash settlement that it said factored damage to the bathroom and downstairs WC – and it would consider the garage and new leak. It awarded an additional £100 compensation at this time in relation to service.

- September 2022 (“FRL3”) – it stated all further AA costs, including parking and Wi-Fi costs that Mrs F was seeking, would be declined as the policy limit was met. It said the bath was not damaged by the incident so it wouldn’t cover this, and water stains to the garage were not linked to the escape of water in question. It also said the rodent infestation that Mrs F had said was resolved, had not been and which in turn caused delays to repairs alongside other issues outside of Fairmead’s control. It awarded an additional £200 in compensation.
- Mrs F brought the complaint to this Service. She reiterated her concerns and also said she’d purchased flooring and kitchen items and the builders had asked if they could use her materials which they would reimburse – totalling £1,273,20. And that Fairmead’s contractors damaged her bath during works. And she hired a contractor to repair this herself due to Fairmead refusing to attend. She said Fairmead had unfairly refused to pay these costs due to the policy limits being reached.
- One of our Investigators looked into what happened. She initially didn’t uphold the complaint, saying:
  - The policy limit on the AA cover was £50,000, and this had been exhausted. And so, it wasn’t fair to direct it to make payments above the policy terms.
  - Mrs F’s claims for additional damage was not supported by evidence linking such damage to the escape of water in question. But she said Fairmead should consider this if she were to provide it.
  - The compensation awarded by Fairmead was fair and reasonable to account for the service and poor communication issues during the claim.
- Mrs F disagreed. She reiterated there were issues with AA and that they had been told parking and other costs would be covered. She said the impact of the claim was severe on her and her children. And challenged the infestation had delayed the claim by many months.
- The Investigator said there was no supporting evidence to show the garage damage was related to the escape of water. She also said Fairmead had fairly asked for evidence related to the bathroom costs which Mrs F hadn’t provided.
- Following some back and forth, the Investigator looked again. She explained for reasons related to the jurisdiction of this Service, this complaint would only deal with the matters that took place after November 2021 as Mrs F had brought the matter related to FRL1 out of time. And she upheld the complaint in part.
  - Fairmead’s internal notes show its staff commenting that AA costs would’ve been significantly lower had a rental property been sought much earlier than it was. So, she was satisfied the policy limit hadn’t been used fairly, and as a result it wouldn’t be fair for Fairmead to rely on this to exclude further costs.
  - Mrs F had not provided evidence of additional material costs that were outstanding and Fairmead had indicated these had all been settled. So, she said anything else should be sent to Fairmead in the first instance.
  - The total compensation awarded in FRL2 and FRL3 of £300 was fair in the circumstances.
  - Fairmead should cover the additional costs Mrs F had incurred (including Wi-Fi and parking costs) plus 8% simple interest from the date B declined to cover these costs, and it should re-consider any other costs that would’ve fallen under the AA section of the policy upon receipt of appropriate evidence of costs incurred.

Neither party provided anything further, so the complaint has been passed to me for an Ombudsman's 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'm upholding this complaint. I'll explain why.

- My role as an Ombudsman at this Service requires me to say how I think a complaint should be resolved quickly and with minimal formality. That means I'll focus on what I consider to be the crux of the complaint. Where I don't comment on every point made by the parties, that's not to say I haven't seen or considered them, it's just I don't consider it necessary to specifically reference them in reaching my decision.
- The crux of this matter falls into Fairmead's use of the policy limit, and outstanding costs Mrs F says are owed, handling of the claim, and a dispute over scope of works. I'll consider these in turn.

#### *Policy limit*

- It's not in dispute that Mrs F's policy has a £50,000 limit for AA costs. In this instance, Fairmead has declined a range of costs that Mrs F has sought, including parking and Wi-Fi costs as it says this £50,000 limit had been reached from the costs incurred related to the claim. On its face, I would consider this to be reasonable as there's no dispute the policy limit was reached through the costs incurred related to the claim.
- But in this case, Fairmead's own agents have made comments about the way it handled the AA. And it will be aware of the comments of its own agents in relation to its choice of AA – and the impact of this on costs – as our Investigator has highlighted these previously. Put simply, Fairmead's notes reflect that if it had considered a long term let instead of hotels and self-serviced apartments it would've led to a considerably cheaper monthly cost and therefore a "*significant reduction*" of the AA spent.
- This has been put to Fairmead and it hasn't provided any breakdown of costs or potential impact of such a mistake. So, I'm not satisfied it is fair in this particular case for Fairmead to rely on its £50,000 limit as it has sought to. And as a result, I'm directing it to settle the costs related to Wi-Fi and parking – paying 8% simple interest from the date these costs were declined by Fairmead until date of payment. I also direct it to reconsider any other reasonable costs Mrs F has incurred in line with its remaining terms related to AA under the policy.

#### *Outstanding costs*

- Mrs F has said Fairmead and its agents owe her outstanding costs related to the claim. Fairmead said all outstanding material costs had been settled. Our Investigator put this to both parties and highlighted Mrs F had provided no evidence supporting these outstanding invoices. Since then we've been given no further evidence of such costs. So, I'm not going to direct Fairmead to do anything further in regards to these at this time. If Mrs F has any outstanding costs she believes are still owed, she will need to put these to Fairmead in the first instance for its consideration.

#### *Handling*

- I've reviewed the events of the claim in detail between FRL2 and FRL3. And while I acknowledge in some places Fairmead may have been able to act quicker, the majority of the delays incurred from what I've seen relate to matters outside of Fairmead's hands – this includes issues with the rodent infestation amongst others. So, I'm not persuaded its actions have led to any excessive or avoidable delay that would lead me to direct it to pay additional compensation.
- Fairmead has said it has been clear with Mrs F about what's happening with the claim, but it seems to me its communication at times could've been better, including around the AA. But given my direction above, I'm satisfied paying the related AA costs plus 8% puts this right and no further compensation is warranted.

### *Scope of works*

- Mrs F has objected to Fairmead's scope of works related to her garage, kitchen ceiling and elsewhere. Mrs F has not provided evidence to support her assertions, including any technical opinion or reports to support why Fairmead's scope was wrong. I've also seen Fairmead requested reasonable evidence from Mrs F in relation to the bathroom – and I've not been provided with evidence from her or elsewhere that suggests this was returned.
- For these reasons, I've not seen enough to persuade me Fairmead's scope of works was unfair or shouldn't be relied upon.

### **My final decision**

I uphold this complaint and direct Fairmead Insurance Limited to do the following:

- Pay Mrs F £300 in compensation (if it hasn't already done so) for the distress and inconvenience caused to her.
- Settle Mrs F's AA costs related to Wi-Fi and parking – paying 8% simple interest from the date these costs were declined by Fairmead until date of payment.
- Reconsider any other reasonable costs Mrs F has incurred in line with its remaining terms related to AA under the policy – not subject to its £50,000 policy limit.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 7 September 2023.

Jack Baldry  
**Ombudsman**