

The complaint

Mrs S has complained about Accredited Insurance (Europe) Limited (Accredited's) handling of a claim she made under her buildings insurance policy for subsidence damage to her home.

What happened

Mrs S made a claim for cracking damage to the garage building at her home in April 2021. Mrs S was seeking to sell her home, and so wanted Accredited to agree to transfer the benefit of her policy to the prospective buyer, so the issues could be dealt with by the new owner. Accredited considered the request but ultimately said it wouldn't do that. It said Mrs S could draw up an agreement between hers and the buyers' solicitors should they wish to.

Whilst considering the above request, Accredited proceeded to investigate the claim, and the investigations concluded the garage was suffering from subsidence due to clay shrinkage, caused by the presence of nearby trees. Accredited also noted that much of the damage appeared to predate inception of its policy, and so it sought to agree a contribution toward the cost of any repairs from Mrs S's previous insurer under the Association of British Insurer's (ABI) Domestic Subsidence Agreement. The investigations also uncovered that Mrs S's building was significantly underinsured, and so Accredited said any settlement would be subjected to a reduction, in line with the policy terms.

Mrs S's complaint is about the length of time Accredited took to investigate and decide on the claim. She says this caused her significant distress and inconvenience. Mrs S also says that, due to Accredited's delays, she ended up paying for the tree removal herself so that the property sale could go through. But she says she also had to reduce the sale price by £15,000 and so she wants Accredited to cover her loss.

Accredited reimbursed Mrs S the cost of the tree removal, less £1,000 of the £1,400 policy excess for subsidence claims. And it later agreed to cash settle the cost of repairs, less the remaining £400 excess. Accredited has responded to three separate complaints about the length of time it has taken to deal with Mrs S's claim. In all three it apologised for the time taken and in one it offered £100 compensation. A fourth complaint response was also sent to address Mrs S's concerns with the reduction in value. Accredited asked Mrs S to provide various documents to substantiate her claim that its actions had caused her the £15,000 loss – but she said she wasn't able to provide everything it had asked for.

One of our investigator's considered the complaint and thought it should be partially upheld. She didn't think Accredited's position on the house sale shortfall was unfair. But she said Accredited had caused at least ten months of unreasonable delays which caused Mrs S avoidable distress and inconvenience. So, she said Accredited should pay Mrs S a total of £750 compensation to put things right.

Accredited accepted our investigator's assessment, but Mrs S didn't. So, as no agreement has been reached, the complaint has been passed to me to decide.

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.

There have been various businesses involved in the complaint working as agents or representatives of Accredited. But for ease of reference, I'll only refer to Accredited by name in this decision, even when referring to the actions of, or evidence put forward by, its representatives.

Having considered all the available evidence, while I appreciate it will come as a disappointment to Mrs S, I've reached the same overall outcome as our investigator. I'll explain why.

For ease of reference, I'll address each of the complaint points separately.

Scope of my considerations

I don't intend to go into substantial detail about our powers, because as I understand it, the scope of our consideration of the complaint isn't in dispute. But for completeness I'll set out the points I am able to consider.

Mrs S's claim was first made in April 2021 and she first made a complaint in October 2021. Accredited has issued four separate complaint responses. The first in November 2021, the second in December 2021, the third in October 2022 and the final one in June 2023.

Under the rules which govern our service Mrs S had six months from the respective date of each response to refer her complaint to our service. Mrs S referred her complaint to our service in April 2023 which means her complaints addressed by the first two responses were made too late. This means I'm unable to consider any delays on Accredited's part between April and December 2021. However, Accredited's response of October 2022 didn't include the appropriate referral rights to our service, and therefore it doesn't amount to a formal final response letter. This means Mrs S cannot be out of time in her referral of those issues. And Mrs S was in time in referring her complaint about the fourth final response.

What all of this means in practice is that the period of time I'm able to consider as part of this complaint is between December 2021 and June 2023.

Claim delays and settlement

I can see that at various points within Mrs S's claim and complaint there have been several different matters which would likely cause an unavoidable delay. For example, the realisation that Mrs S was significantly underinsured, or that some of the damage predated inception of her policy with Accredited. I think it's reasonable that issues like this would take some additional time to investigate and consider before moving the claim forward.

That having been said, Accredited were aware of the urgency in Mrs S's claim given the potential property sale issues, which she brought to its attention from the outset. But despite this it caused several, unnecessary and avoidable delays and it communicated poorly with Mrs S which would have been stressful and frustrating for her. Examples of these avoidable delays would be the time taken to assess and reimburse the tree removal invoice or where it incorrectly attempted to charge the policy excess twice, which contributed to further avoidable delays in reaching and offering a settlement for the damage.

Mrs S has explained the impact of the poor service she received has caused her pain, anguish and stress on top of her already poor health. She also felt she had to arrange the tree removal herself because of the delays. And although this has now been reimbursed, it would no doubt have been frustrating and inconvenient to have to make those arrangements and claim the money back, when she would reasonably have expected Accredited, as her insurer, to deal with that for her.

Taking all of this into account, I think it's clear that Accredited's poor handling of Mrs S's claim at times has caused Mrs S a substantial level of avoidable and unnecessary distress and inconvenience which I don't think Accredited has adequately appreciated or compensated for. So, to fairly put things right, I think Accredited should pay Mrs S a total of £750 compensation.

In terms of the overall claim settlement paid, Accredited has reimbursed Mrs S the full cost of the tree removal, less £1,000 of the £1,400 policy excess for subsidence claims. And it has paid the full cost of the repairs to the subsidence damage, based on the schedule of works its loss adjuster produced, less VAT and the remaining £400 of the subsidence policy excess – which is in line with the policy terms. This means that despite Mrs S's property being significantly underinsured and Accredited stating it would apply a reduction to the claim settlement to reflect this, it hasn't done so.

I've seen no evidence to suggest that Accredited's schedule of works didn't adequately reflect the accurate cost of repairs. And given Mrs S had sold the property to new owners by this point, I think a cash settlement for these repairs less the excess and VAT, rather than an offer to complete the works, was fair and reasonable in the circumstances. So, I'll not be directing Accredited to do anything more with respect to the claim settlement.

Reduction in sale value

Mrs S says that as a result of Accredited's delays, she was forced to reduce the sale price of her house by £15,000. She wants Accredited to cover her loss and has provided information from her estate agent to support her position.

Accredited considered the request and initially refused on the basis that the loss of sale price (around 2.3%) was more likely to reflect the market conditions, and a general devaluation of around 35% for properties in Mrs S's area over the past three years, rather than the minor subsidence damage. It also explained that it would only consider paying any loss in sale value, adjusted for underinsurance, if the costs were less than the cost of repairing the subsidence damage – which it said they weren't.

However, Accredited later agreed to consider the matter further if Mrs S provided additional evidence to support that the loss of sale value was caused solely by its handling of the claim. The additional evidence requested included, but was not limited to, the purchaser's homebuyer report, full and complete records of the correspondence around negotiation of the sale price and the relevant valuation reports.

Mrs S said she wasn't able to provide all of the information requested because some of it belonged to the purchaser rather than her, and they had already previously refused to share the homebuyer report, which she said isn't uncommon.

I've thought carefully about this issue. Having done so, I'm not awarding Mrs S the alleged loss of sale value. I say this because the available evidence hasn't persuaded me that the reduction in the sale price has been caused solely by Accredited's errors in its handling of the claim.

I do fully appreciate the reasons why Mrs S isn't able to obtain or provide everything Accredited asked her for. But I don't think the evidence which is available is sufficient to demonstrate that Accredited is solely at fault for the loss of value, given that negotiations around the sale price of properties and/or post agreement price reductions aren't uncommon when buying and selling property. I'm also mindful that a neighbouring garage was suffering from subsidence damage too, and that this damage wasn't going to be repaired due to that property owner not having adequate cover. This may well have played a role in Mrs S's buyer's decision to reduce their offer.

So, taking everything into account, I'm not upholding this element of Mrs S's complaint.

My final decision

For the reasons I've explained above, I uphold Mrs S's complaint in part.

Accredited Insurance (Europe) Limited must pay Mrs S a total of £750 compensation for the distress and inconvenience it has caused her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 1 April 2024.

Adam Golding
Ombudsman