

## **The complaint**

Mr M complains about Advantage Insurance Company Limited's handling of a claim he made under his home insurance policy.

Advantage is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of its agents. As Advantage has accepted it is accountable for the actions of the agents, in my decision, any reference to Advantage includes the actions of the agents.

## **What happened**

In December 2022, Mr M made a claim under his home emergency policy with Advantage after an escape of water caused damage to his kitchen.

Advantage instructed a claims management agent to deal with the claim. It told Mr M the agent would call him within 48 hours to talk through next steps. The agent emailed Mr M the following day to let him know it had appointed a surveyor, who would contact him shortly.

However, Mr M says he wasn't contacted, and he wasn't provided with heaters to dry out the area as Advantage said he would be. Mr M emailed Advantage and the agent several times and made a number of attempts to contact them on the phone.

The surveyor visited Mr M's property over a month after the incident. There was a delay in the completion of the surveyor's report. Almost two months after the incident Mr M was offered the option of taking a cash settlement of £1,877 (less the policy excess) or having the work carried out by Advantage's approved contractors.

Mr M didn't think Advantage's cash settlement offer was enough to return the kitchen to the condition it was prior to the incident. He said that because Advantage hadn't provided heaters to dry the floor and units out, the kitchen now required all base units to be replaced and the floor lifted and renewed. The kitchen range had been discontinued and he didn't think Advantage's offer would be enough to install a completely different kitchen range for the base units and get the floor replaced.

Advantage increased its cash settlement offer to £4,617 (less the excess), which it said included a 50% contribution towards undamaged items. It also offered him £100 to compensate him for delays in progressing his claim.

Mr M didn't think Advantage's revised offer was sufficient to cover the damage and inconvenience he'd experienced.

Our investigator thought it was fair for Advantage to cover 50% of the costs of the undamaged kitchen items. But she didn't think it was fair for Advantage to limit its cash settlement offer to what it would have cost it to use its own supplier. She recommended that Advantage either appoint one of its own suppliers to carry out repairs or base its settlement on reasonable costs of Mr M arranging the for the work to be carried out himself. She also recommended that Advantage increase its offer of compensation for distress and inconvenience from £100 to £400.

Advantage acknowledged receiving our investigator's outcome, but it hasn't said whether or not it accepts our investigator's recommendation regarding the settlement of the claim. So, 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.

Having done so, I've reached broadly the same conclusions as our investigator. I'll explain why.

#### Matching sets

The policy's terms and conditions say:

*"Matching sets, suites and carpets*

*An individual item that's part of a matching set of items or suite of furniture, sanitary ware or other bathroom fittings is classed as a single item. Your insurer will pay you for individual damaged items but not for undamaged companion pieces.*

*If floor coverings are damaged beyond repair your insurer will only replace the covering that's damaged, not any undamaged floor coverings in other rooms."*

From what I can see, Advantage's initial settlement offer didn't cover the cost of replacing undamaged kitchen items. However, it later agreed to contribute 50% towards undamaged kitchen items and included an amount for this in its revised settlement offer.

I appreciate Mr M believes Advantage should cover the cost of a whole new kitchen because of the poor customer service he's received and the delay in getting the matter resolved. However, the terms of the policy don't entitle Mr M to a whole new kitchen. Strictly speaking, he is only entitled to have the damaged items replaced. I don't have sufficient evidence to conclude that it wouldn't have been necessary to replace *any* of the matching units if Advantage had progressed the claim more quickly. So, I think it's fair for Advantage to contribute 50% towards the cost of replacing undamaged items that form part of a set with damaged items.

#### Cash settlement

The policy's terms and conditions set out how Advantage will settle claims. They say:

*"Your insurer may repair, reinstate or replace your damaged property. If your insurer can't replace or repair your property they may pay for the loss or damage in cash or in a cash alternative (including vouchers and/or store cards).*

*Where your insurer can offer repair or replacement through a preferred supplier, but then agree to pay a cash or cash alternative settlement, then payment will not be more than the amount they would have paid their preferred supplier."*

I can see that Advantage gave Mr M the option of having the work completed by one of its approved contractors when it made its initial settlement offer. However, it doesn't appear to have given Mr M this option when it made its revised settlement offer which included 50% towards undamaged items.

The cash settlement offer of £4,617 (less the policy excess) appears to be based on what it would cost Advantage if the work was completed by its own contractors.

The rate an insurer pays its approved contractors tend to be below market rates. This means Advantage's cash settlement offer is unlikely to be sufficient to cover the cost of Mr M getting the work completed by his own contractors. The terms of the policy only allow Advantage to limit the settlement to its own costs if it can offer a repair or replacement through a preferred supplier. So, I think it would only be fair for Advantage to limit the settlement to its own costs if Mr M insists on a cash settlement rather than allowing Advantage to arrange for the work to be done.

I think it would be fair for Advantage to offer Mr M the option of having repairs completed by its approved suppliers, with Mr M paying 50% towards the cost of undamaged matching items. Alternatively, if Advantage decides to make a cash settlement, then it should base this on Mr M's reasonable costs of getting the work carried out himself, including a 50% contribution to undamaged matching items.

Mr M has provided some estimates for replacing his kitchen, which may help Advantage with assessing reasonable costs if it decides to settle the claim by cash. I note there are some items on Mr M's quotes that don't appear to be covered by the claim. To be clear, Advantage is only required to pay reasonable costs for repairing or replacing damaged items and 50% towards the costs of undamaged items forming part of a set with these.

If Advantage offers Mr M the option of work being carried out by its own suppliers and Mr M decides to take a cash settlement, then it would be fair for Advantage to limit this to what it would have cost it if it had paid its preferred supplier.

#### Distress and inconvenience

Mr M says Advantage failed to get in contact and didn't arrange for heaters to dry things out. He and his wife were left walking on a soaking wet floor, with the kitchen continuing to deteriorate. Mr M says both he and his wife have asthma. Water lying on the floor created a damaging atmosphere for their breathing and mould forming behind the units made things worse. He says the stress of dealing with Advantage was extensive and unnecessary.

From what I've seen, Advantage didn't arrange for a surveyor to visit Mr M's property until over a month after he made the claim. When Mr M chased Advantage, it said it was unable to locate his claim. There was a further delay in completing the surveyor's report and Advantage making its settlement offer. This was no doubt frustrating for Mr M who was left with a kitchen which was in a poor condition.

In its response to Mr M's complaint, Advantage acknowledged failings in its service and a delay in progression of his claim. It offered Mr M £100 compensation for this. However, it accepted our investigator's recommendation to increase this to £400. I appreciate Mr M doesn't think this is enough and I understand his frustration about the length of time he's been left with a damaged kitchen. However, he has still had use of his kitchen, despite the damage. So, I think £400 fairly recognises the distress and inconvenience Mr M experienced as a result of Advantage's poor communication and delays in progressing the claim.

#### **Putting things right**

Advantage should:

- Offer Mr M the option of having the work carried out by its approved contractors, with Mr M paying 50% towards the cost of replacing undamaged items forming part of a matching set with damaged items, or
- Make a cash settlement offer which reflects fair and reasonable costs to allow Mr M to get the work carried out himself. Fair and reasonable costs being a settlement based on market rates for the work to be done, as opposed to any discounted rate Advantage may have received using its preferred contractors. The settlement should include 50% towards the cost of replacing undamaged items which form part of a matching set with damaged items.
- Pay Mr M a total of £400 for distress and inconvenience (including the £100 it offered in response to his complaint).

### **My final decision**

For the reasons I've explained, I uphold Mr M's complaint and direct Advantage Insurance Company Limited to put things right by doing as I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 21 September 2023.

Anne Muscroft  
**Ombudsman**