

## The complaint

Mr M complains about AA Underwriting Insurance Company Limited's ("AAUICL") decision to decline his alternative accommodation claim under his home insurance policy. He also complains about his contents being taken and not returned within a reasonable time.

## What happened

Mr M says, in January 2023, a pipe burst in his home causing damage. He says he was left without water, electricity or heating. Mr M says his clothes and bed also suffered water damage. He says AAUICL didn't provide alternative accommodation ("AA") even though he couldn't sleep on his bed – so he had to sleep on a sofa at his friend's house. He also says AAUICL took most of his clothes to look at restoration. So, Mr M complained about these points. AAUICL responded and explained the surveyor and drying specialist that attended Mr M's home didn't highlight any requirement for AA on his claim. They said Mr M's property had the required amenities that would deem the property habitable. They said the claims team had offered to replace the bed and bedding for Mr M when he explained he couldn't remain in the property due to water damage to his bed.

Our investigator looked into things for Mr M. She thought AAUICL had made errors in their handling of the claim and recommended they pay Mr M the costs incurred in living with his friend and to arrange alternative accommodation while repair work is ongoing. She also recommended they reimburse Mr M the costs of the dehumidifiers and the electricity costs of running them and pay £500 compensation. AAUICL responded and explained they were looking to go with the investigator's recommendations, but they haven't yet responded to confirm agreement, so the matter has come to me for a 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've decided to uphold the complaint. And, I think the investigator's recommendation is a fair way to resolve matters.

My role requires me to say how a complaint should be settled quickly and with minimal formality and so I'll focus on what I consider to be the crux of the complaint and the main areas of dispute. There's no dispute an insured event has occurred, and I can see the claim has been validated. The main area of dispute relates to AAUICL's decision to not provide AA. So, I've looked to see whether their decision is fair and reasonable.

Mr M's policy does provide cover for AA if his home can't be lived in due to an escape of water event. The information shows a surveyor attended Mr M's home on 26 January 2023 and noted there wasn't a requirement for AA. The report says, "*The policy holder advised he is currently staying with a friend as he cannot stay in the house with the damp etc. Once the carpets have been stripped out and drying equipment installed the policy holder should be able to stay at the property.*" The report notes the approximate duration of drying works to be three weeks.

AAUICL appointed an agent - who I'll refer to as company D - to manage the drying works and contents claim. Their report notes most rooms have been affected except for the toilet and a box room, as well as most of the kitchen. It says the carpets have been dried by Mr M using a wet vacuum machine and wet textiles have been collected for restoration. It notes three dehumidifiers were set up on 31 January for the electrician to power them on once the electricity is back on. An electrician then attends the following day and reinstates the electricity and switches the dehumidifiers on. There's a further visit on 25 March and the notes say company D delivered all the textiles back to Mr M. There's then a visit on 12 June and the report notes the drying was complete and a drying certificate is issued.

I note AAUICL say their claims team referred the AA request on 21 February after Mr M requested it. Their notes say AA wasn't reviewed previously because it wasn't highlighted as being needed by the surveyor. I acknowledge the surveyor's report does suggest AA isn't required, but AAUICL's claim notes refer to a call with Mr M on 19 January – a day after the date of loss - where Mr M describes the water damage, and the call handler notes Mr M does require AA as his home is uninhabitable.

AAUICL say Mr M had heating, water, washing, cooking and bathing facilities so AA wasn't required. I can see Mr M raised a concern about the dehumidifiers and AAUICL say there's no reason why the property is uninhabitable other than the sound of the air movers and dehumidifiers. The claim notes say Mr M's home has a lot of water damage but neither the attending surveyor or company D have suggested the property is uninhabitable. I can see there was also a discussion about Mr M requiring a new bed, and the claims team offer a cash settlement for a replacement bed and bedding.

Having reviewed the information, I don't think AAUICL's decision to decline AA was fair. I say this for a number of reasons. It's clear the water damage was significantly worse than what the surveyor estimated. The surveyor's expected timeframe for the drying to complete was three weeks – but the drying out wasn't completed until 12 June, which is a further 16 weeks after the surveyor's timescale. Claim notes provided by AAUICL don't suggest there were any unexpected and unforeseen problems during the drying out process. So, I think it's therefore reasonable and safe to conclude the 19 weeks taken for the drying out works to complete was purely down to the significant extent of water damage. So, one point I've taken into account is whether it was reasonable for Mr M to be expected to stay in a property which has taken almost five months to dry out.

The key factor to determine here is whether Mr M's home was habitable. I acknowledge AAUICL say Mr M still had access to working water, heating, electrics, as well as cooking and washing facilities. But, I think, in the circumstances of this case, it's reasonable to take a broader approach than what AAUICL have taken. I say this because a property can be uninhabitable for a variety of other reasons – such as if it's unsafe to be lived in. I think it's important therefore to look more closely at Mr M's circumstances to decide if it was fair and reasonable for him to live in his property.

Mr M explains his home smells of damp, and it's clear from the claim notes Mr M had also raised this with AAUICL. During the call on 19 January, Mr M also explains the walls are wet to touch and he can splash in the water present on the floor.

I can't see AAUICL specifically took the damp smell into account when deciding whether to offer Mr M AA. When taking this into account, together with how long the drying process took, I don't think it was reasonable for AAUICL to take the view that Mr M's home was habitable. I accept there might well have been cooking and washing facilities, but given the extent and smell of damp, I don't think this made Mr M's home safe to be lived in. And it's clear Mr M raised such concerns with AAUICL. Mr M has also provided photos which show the presence of mould in many of the rooms. So, I think this further supports my view about

Mr M's home being unsafe and unsuitable to live in. There might well be occasions where remaining in a property might simply be inconvenient, but that doesn't mean it's uninhabitable. But in this case, I'm satisfied Mr M's home does potentially pose health and safety risks so his concerns about staying at his home are reasonable and justified.

Given that AAUICL haven't placed Mr M in AA, I've thought carefully about the steps they should take to put this right. And I think, in the circumstances of this case, they should pay Mr M for the costs he has incurred as a result of staying in alternative accommodation with his friend. Mr M has described the costs he incurred to live with his friend over and above his usual weekly expenses – and this includes having to pay his friend to stay at his property – which he paid in cash. Mr M says he was paying his friend £100 per week to live at his property. So, subject to Mr M providing evidence of this to AAUICL, I think they should pay Mr M the costs incurred by him, over and above his usual expenses, for the alternative accommodation with his friend. This should be paid from the date of loss.

Generally, we would expect AA to be covered until the property becomes habitable or safe again subject to the limit in the policy. So, given the presence of mould in his home, I think it would be reasonable for AAUICL to now offer Mr M AA until such point as his home becomes habitable and safe again. And, during the period AAUICL aren't able to find AA for Mr M, they should continue paying him for any costs incurred, over and above his usual expenses, in having to stay at an alternative property, subject to Mr M providing evidence of this. I can't see any repair works have started yet. So I will take this opportunity to remind AAUICL of their duty, under the Insurance: Conduct of Business sourcebook 8.1.1R to handle claims promptly and fairly.

The claim notes show company D took Mr M's clothes for restoration. Mr M says this left him without most of his clothes – and I can see this was for many weeks. There's a note on AAUICL's claim report which questions why Mr M's clothes were taken as there doesn't appear to be any water damage to them. They note the majority of the clothes could've been cleaned and they question why Mr M allowed company D to take all of his clothing. Mr M says company D turned up and started putting his clothes into bags and didn't give him any advance warning of this to allow him an opportunity to retain some clothes. Mr M says he did question this but the representatives from company D who attended explained they all needed to be taken. Looking at the inventory prepared by company D, it does show a significant amount of clothing being taken by them.

I acknowledge AAUICL's points, but I don't think it's unreasonable to expect a customer to trust what they've been told by an expert and contractor appointed by the insurer. And if Mr M was informed by company D his clothes needed to be taken, I don't think it's unreasonable for Mr M not to have challenged this. So, given that it doesn't appear most of Mr M's clothes needed to be taken, I think AAUICL have made an error here.

I note AAUICL installed three dehumidifiers, but Mr M explains, to help speed things up, he hired two further dehumidifiers. It's clear Mr M was anxious to get things moving forward and, given the length of time the drying out process was taking, I don't think it was unreasonable for him to take this step. And that being the case, I think it's reasonable for AAUICL to reimburse Mr M the cost of hiring the dehumidifiers. I can see our investigator asked Mr M for evidence in the form of an invoice, but Mr M wasn't able to locate this at the time. But if Mr M is able to locate this, I think it's reasonable for AAUICL to reimburse the costs Mr M incurred for this. There's no dispute that Mr M wasn't living at home between the date of loss to the point the drying out works were complete. And, following the incident, the electricity was reinstated on 1 February – which is when the dehumidifiers were switched on. Mr M confirms AAUICL have paid towards his electricity costs, but he says the payment doesn't cover the full charges incurred for the dehumidifiers. So, as Mr M explains the only electricity being used during this period was for the

dehumidifiers, AAUICL should reimburse all electricity costs incurred for the period the dehumidifiers were in use.

I've also considered the impact of the errors on Mr M. Firstly, there's the inconvenience to him of having to continue staying with a friend because of his claim for AA being declined. This has continued for many months. In addition to this, there's the trouble and inconvenience to Mr M in not having most of his clothes for five weeks. So, I think it's fair and reasonable in the circumstances for AAUICL to pay Mr M compensation of £500.

### **Putting things right**

I've taken the view that AAUICL have made errors in their handling of Mr M's claim, so they should take the following steps:

- Subject to Mr M providing evidence, pay Mr M the costs incurred by him, over and above his usual expenses, for living with his friend in alternative accommodation, starting from the date of loss until AAUICL are able to find alternative accommodation for Mr M.
- Arrange alternative accommodation for Mr M while repair works are being carried out and until such point as his home becomes habitable and safe again.
- Reimburse Mr M the costs of hiring dehumidifiers, subject to Mr M providing AAUICL with an invoice confirming the cost. If this is evidenced and paid, then AAUICL should add 8% simple interest to this amount from the date the invoice was paid by Mr M to the date of settlement.
- Reimburse Mr M for the electricity costs of running the dehumidifiers, subject to Mr M providing a bill showing the charges incurred.
- Pay Mr M compensation of £500 for the trouble and inconvenience caused.

### **My final decision**

My final decision is that I uphold the complaint. AA Underwriting Insurance Company Limited must take the steps in accordance with what I've said under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 31 October 2023.

Paviter Dhaddy  
**Ombudsman**