

The complaint

Mrs A complains that Acromas Insurance Company Limited poorly handled a claim under her home insurance policy.

Where I refer to Acromas, this includes the actions of its agents and claims handlers for which it takes responsibility.

What happened

In January 2023, Mrs A noticed a damp smell and damage in her kitchen units. She contacted her home emergency provider who arranged for a water detection team to trace and access the cause. In February 2023, they found a leak behind the shower which they believed had been ongoing for some time.

Mrs A made an escape of water claim under her home insurance policy with Acromas. The leak had come from Mrs A's bathroom, so many tiles had been removed to access it. And the leak had soaked through to the kitchen over time, causing damage to the units and the food within them, with mould and damp throughout.

Acromas accepted the claim and appointed a loss adjuster. Dehumidifiers were provided to dry out the kitchen. But this was found to be ineffective because the units were still installed, and Mrs A was advised her kitchen should've been stripped out first.

Several months went by without any real progress to the claim. Mrs A continually chased Acromas but in May 2023 her kitchen still hadn't been stripped out and damage to her property was escalating, with paint peeling off the walls and further damp and mould appearing.

By early June 2023, the kitchen had been stripped out and dried. Mrs A provided Acromas with details of her losses regarding food wastage and increased electricity costs. And she provided quotes for a new kitchen and bathroom, asking for a cash settlement under her policy to avoid further delays by waiting for Acromas to arrange repairs.

Acromas made Mrs A aware that she needed to wait for the quotes to be validated before she proceeded with the works. But Mrs A was clear that she was unable to wait any longer as the matter had already been ongoing for too long, and she was without a fully functional kitchen and bathroom.

Mrs A expressed her dissatisfaction to Acromas throughout her claim about the delays / slow progress, the behaviour of two agents that attended her property, and the reimbursement of her losses. Acromas only addressed the delays aspect as a formal complaint and offered £350 compensation to put things right.

Mrs A brought her complaint to our Service and our Investigator was of the view that it should be upheld. He said whilst £350 compensation was fair for the delays, Mrs A should be compensated another £150 for the other aspects of her complaint. In addition, he said

Acromas should reimburse Mrs A's losses in respect to her electricity bill and the work she's had carried out to repair her property, plus 8% simple interest.

Mrs A was satisfied with this outcome, but Acromas didn't agree. It later said it would increase its compensation to £500 if the complaint outcome of "upheld" was removed, but Mrs A didn't accept this. 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.

Delays and customer service

The Financial Conduct Authority's (FCA) Insurance Conduct of Business Sourcebook (ICOBS) requires Acromas to handle claims promptly and fairly, provide information on the claims progress, and to not unreasonably reject a claim.

It's not in dispute that Acromas failed to handle Mrs A's claim promptly. It took four months to strip out and dry her kitchen which is an unreasonable amount of time. Acromas acknowledge this and has offered compensation of £350 to put things right. I need to decide whether that's fair, taking into account the impact this had on Mrs A.

I can see that Mrs A has continuously called and emailed Acromas in an attempt to progress her claim. She was given incorrect information about the order in which the strip out / drying process should be completed. And a visit from the loss adjustor was missed because Mrs A was given no notice of it. So it's clear to me Acromas hasn't met its obligations.

In addition, Mrs A complains that one loss adjuster turned up smelling strongly of an illegal substance. And another agent left her front door open after attending her property when she wasn't home. I appreciate Acromas say there's no evidence of these instances, but I'm not sure what evidence they're expecting Mrs A to be able to provide given the nature of the allegations. I'm satisfied she's given a credible testimony of events and I have no reason to disbelieve her.

I've no doubt this experience would've caused Mrs A distress and inconvenience, especially as she was concerned the delays were potentially causing further damage to her property by allowing the damp and mould to get worse. So I'm inclined to agree with our Investigator that an additional compensation payment of £150, bringing the total to £500, is fair in the circumstances.

Claim settlement

Under Mrs A's policy, Acromas has the ability to choose how to settle a claim at its own discretion, this could be to either repair, replace, or cash settle.

The policy also states Acromas is only required to pay for the replacement of damaged items and their matching sets. And if it was able to source these repairs / replacements through its own suppliers, then it can limit the cash payment to what it would've paid them. This is a common term across policies of this nature.

In this case, Mrs A has asked Acromas to cash settle the claim to bring the matter to a conclusion as she was unhappy with the delays. It's not in dispute Mrs A proceeded with the work to her property without Acromas' consent. I can understand why she couldn't wait any

longer. As I've explained above, Acromas had already proven that it wasn't handling this claim promptly and Mrs A had understandably lost faith and patience.

So I'm not persuaded that because Acromas didn't validate the costs, it can avoid them completely. But by proceeding without consent, Mrs A has taken away Acromas' ability to arrange or carry out the repairs itself. As a result, it seems clear to me that Acromas won't be able to source the repairs through its own supplies at potentially a lower cost.

So, Mrs A's choice to carry out the works without Acromas' consent satisfies me it can limit any settlement to what it would've cost Acromas to source and fit the same specification of repair / replacement work had it used its own agents or suppliers.

As such, I'm directing Acromas to cash settle Mrs A's claim for the works carried out to her kitchen and bathroom in line with the policy terms and conditions, plus interest, subject to proof of payment being provided.

If it hasn't already, Acromas should also reimburse Mrs A's losses in respect to her electricity bills plus interest. This is subject to Mrs A providing any prove required of the increase.

My final decision

For the reasons I've explained, I uphold this complaint and direct Acromas Insurance Company Limited to:

- settle Mrs A's claim for repairs by cash payment, in line with the policy terms and conditions, plus 8% simple interest* from the date Mrs A paid this to the date it's reimbursed subject to prove of payment.
- settle Mrs A's claim for losses in regard to her increased electricity costs, plus 8% simple interest* from the date Mrs A paid this to the date it's reimbursed subject to prove of payment.
- pay a total of £500 compensation for the distress and inconvenience caused. If Acromas has already paid its original offer of £350, it only needs to pay the remaining £150.
- If there are any outstanding elements to Mrs A's claim, Acromas should progress these promptly and without further delay.

*If Acromas considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs A how much it's taken off. It should also give her a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 14 November 2023.

**Sheryl Sibley
Ombudsman**