

The complaint

Miss F is unhappy with the decision by Fairmead Insurance Limited (Fairmead) following a claim on her home insurance policy.

Fairmead is the underwriter of this policy. Part of this complaint concerns the actions of the agents involved in the claim. Fairmead has accepted it is accountable for the actions of agents involved in the claim. In my decision, any reference to a company instructed during the claims process, unless instructed by Miss F, includes Fairmead.

What happened

Miss F held a home insurance policy with Fairmead. The exclusions part of Miss F's policy explained the policy would not cover *'Any loss, damage or liability arising from wear and tear or damage that happens gradually over time.'*

In October 2021 Miss F's home was affected by flooding which resulted in an external wall and the kitchen area being damaged, and the basement being flooded. Following notification of the claim to Fairmead, Fairmead arranged for a third party (company S) to assess the claim and determine the cause of damage.

Company S attended to Miss F's home but couldn't determine the cause of damage. It was concluded that *'We suggest that further investigations are undertaken to confirm whether the lead flashing is defective, or there is another source of the water ingress that is considered an insured peril.'*

Company S instructed company B to review and document the items in Miss F's basement. During this process, while sorting the items, company B handled both the contaminated and non-contaminated items at the same time, and these were also stored together in the basement. Miss F complained to company S about the impact on her health because of the way these items had been handled and stored in her home.

As an interim measure company S agreed for company B to arrange for storage of Miss F's items at an external storage location.

Company S instructed company D (a company specialising in leak detection) to provide a report on how the water had entered Miss F's home. This report stated *'We carried out a camera inspection of the exterior and in doing so we observed the window frame seals in poor condition and cracking to the external render on the external wall.'*

Company D completed a building report following inspection of Ms F's home. The findings of this report recorded:

- *A historic repair is evident under the first-floor window, and historic crack repairs are visible through the paint. A hairline crack runs between the vulnerable points of the first floor and ground floor window openings, and meets at a fixing point for an external security light, the crack was historically repaired, and it is probable that the vibration and penetration of the fixing of the security light (albeit some years*

previous), has opened the crack or even initially caused the stress for it's development.

- *The electrical cable for the security light penetrates the render without a gland box.*
- *At the first floor windowsill, localised render failure is visible.*
- *Internally, moisture is present at the kitchen window, particularly concentrated at the window head. The plaster in this area is generally soft and deteriorated through periodic and prolonged saturation. The moisture content gradually becomes less away from the window head.*
- *Applied to a localised area of the [basement] is an area of (presumed) bitumen which is worn in areas through to the original concrete. Bitumen is a wet applied solution and was often used as a DPM [damp proof measure] before modern techniques were adopted as building products advanced during the recent decades. No form of DPM has been determined elsewhere.*

Following assessment of Miss F's claim in January 2022 company S informed Miss F that the damage to the external wall and kitchen area would not be covered because of the exclusion for wear and tear.

Miss F was told a claim would be accepted for the damage caused by flooding to the basement under both the building and contents section of her policy. Company S said it would agree to cover the cost of cleaning Miss F's basement, and drying of the basement to return moisture levels to a pre-incident level.

For the contents claim, the beyond economic repair (BER) items would be disposed of, and the remaining items would either be returned, or be restored first, and then returned. Miss F was unhappy with company's S' decision on her claim. Miss F was particularly concerned with the decision to reject her claim for damage to the external wall and kitchen area. Miss F also complained about items missing from the list provided to her showing items held in storage with company B.

Miss B instructed her own loss assessor (company O) to deal with the claim on her behalf. But she later didn't agree with company O's findings. Company B attended Miss F's home to complete a clean of her basement in May. Miss F complained that cleaning of her basement hadn't been done properly, and she wasn't happy with the general handling of her claim.

In July Fairmead wrote to Miss F explaining that the work to the basement was complete and no further work would be carried out in line with the policy terms. In particular Miss F was informed that *'the basement did not have a damp proof membrane before the incident... I confirm we are not able to agree to apply a liquid DMP to the full floor/lower walls. The Surveyor further confirmed there were no other claim related reinstatement works required.'*

Miss F was also told that in order to settle her contents claim she would need to agree the items to be disposed of, restored, and returned. Miss F was sent a cheque for £200 in recognition of parts of the claim that hadn't been dealt with properly.

Miss F remained concerned with the information provided about her items that were held in storage, and that there were still items missing from the list shared with her. She was also unhappy with the declined parts of her claim, including parts of her basement relating to cleaning and decoration. Miss F said there had been holes left in kitchen wall that had been caused by company S when completing their investigation into the cause of damage.

In November 2022 Miss F received a response to her complaint as follows:

Buildings claim

- The only room Miss F's policy would cover under her claim was the basement. The scope of this claim was limited to cleaning and drying the basement- no repairs had been authorised.
- In an attempt to settle the claim Fairmead said it would pay the for damage to the *'basement stairs at the cost provided by [Miss F] at £680.00'*.
- Fairmead also explained *'We can also consider the cost to you of repairing the holes in the kitchen that you have previously referenced'*.

Contents claim

- Once liability was accepted company B was instructed to *'restore any items that had been affected that were not BER.'*
- *'We have then offered a settlement for the BER items of £10,707.40.'*
- *'In addition to this there is a settlement for the carpet... Therefore, our final stance on the contents settlement offer is £10,707.40 (BER items) plus £719.88 (carpet) totalling £11,427.28. As advised we are happy to review an updated carpet quote as the previous has expired.'*

Fairmead also offered a further £100 in recognition of parts of the claim that could've been better handled, including the contents claim where BER items were incorrectly stored alongside other items in Miss F's home.

Miss F was unhappy with this decision, and so brought her complaint to the Financial Ombudsman Service for investigation.

The investigator found that Fairmead had acted fairly in reaching their decision on Miss F's claim overall, and that the £300 offered was reasonable compensation in recognition of what had gone wrong, and the impact on Miss F.

Miss F didn't agree with the investigator's findings saying (amongst other things) that full and final settlement for her claim has not been fairly calculated. Miss F said *'I have returned an email back to [company S] with a final settlement offer of £19,500 to include the wall repair in the kitchen, redecoration of the tidemarks in the basement, missing items of content not calculated, content list, carpet replacement.'*

I issued my provisional decision on 30 August 2023 saying that I uphold this complaint. In that decision I said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'd like to reassure the parties that although I've only summarised the background to this complaint, so not everything that's happened or been argued is set out above, I've read and considered everything that's been provided.

Declined claim for external wall and kitchen area

Miss F feels strongly that company S have treated her unfairly by rejecting her claim for the external wall and kitchen area. I thank Miss F for taking the time to explain her personal circumstances and everything that's happened since the flooding of her basement in October 2021. I understand it has been a difficult time for Miss F.

When we investigate a complaint about an insurer's decision on a claim, our role is to consider whether the insurer handled the claim in a fair and reasonable manner. So I've considered the evidence to determine whether Fairmead have acted fairly and reasonably in reaching their decision on Miss F's claim.

Miss F says that the damage to her external wall and kitchen area has been caused as a direct result of her home being flooded. Fairmead maintain that the independent experts instructed on the claim have all provided similar findings which do not support what Miss F has explained about the damage being covered by her policy.

When evidence is contradictory or inconclusive (or both) I have to make a finding on the balance of probabilities. That is what I find is most likely to have happened in view of the available evidence and wider circumstances.

I've considered the reports provided by the independent experts instructed to review Miss F's claim and determine the cause of damage to the areas impacted by flooding. On balance, having considered the findings of all three independent experts, including company S, company D (a company specialising in leak detection), and Miss F's own loss assessor, company O, I don't think the evidence supports Miss F's assertion that these parts of her claim should be covered.

Like most insurance policies, Miss F's doesn't provide cover for exclusions listed within the policy. I've seen that Miss F's policy does not cover 'Any loss, damage or liability arising from wear and tear or damage that happens gradually over time.' While Miss F feels strongly that the external wall and kitchen area was damaged directly because of the flood conditions present at the time, the evidence I've seen is more consistent with the cause of damage being an 'wear and tear or damage that happens gradually over time', and not flood damage.

Company D completed an independent inspection and its own report found numerous issues. Their findings reported 'historic crack repairs', and explained 'plaster in this area is generally soft and deteriorated through periodic and prolonged saturation.' I'm satisfied these issues were likely made worse by the flooding incident in October 2021, but I don't think the evidence supports that the flooding incident was the cause of them.

Although Miss F feels strongly that the evidence from her own independent loss assessor, company O, should be disregarded, I'm satisfied that it also agreed on the scope of the claim that should be covered by Fairmead, and that this didn't include damage to the external wall and kitchen area.

Having considered the findings of three different experts instructed on Miss F's claim, the evidence supports Fairmead's position to decline the claim for the external wall and kitchen area as the damage claimed for these parts of the claim goes deeper than what would likely be caused by an incident of flooding.

I appreciate that this will come as a great disappointment to Miss F. But insurance policies do not cover every eventuality, and this is one of those circumstances, where the damage isn't covered by the policy. I can't say that Fairmead have acted unfairly or unreasonably in declining Miss F's claim. Because of this, I won't be asking Fairmead to do anything in settlement of this part of Miss F's complaint.

Additional repairs to basement and holes in kitchen wall

Miss F feels strongly that additional repairs and paintwork are required to her basement in order to bring it back to the condition it was in before it was damaged by the flooding

incident. Miss F has referenced 'the wall repair in the kitchen, redecoration of the tidemarks in the basement... carpet replacement'.

Miss F has referred to 'redecoration of the tidemarks in the basement'. I've considered Miss F's policy terms alongside the damage caused to Miss F's basement. I'm persuaded that the scope of work Fairmead agreed to cover (limited to the cleaning and drying to pre-incident level) is reasonable in light of the claim circumstances. I note Miss F's own loss assessor also agreed to the scope of work to be completed in the basement in line with the policy terms, and this did not include redecoration of the basement. Fairmead has acted reasonably in declining cover for this part of Miss F's claim. So I won't be directing any further payment is made for additional repairs to the basement. (It is unclear whether Fairmead has since agreed to cover the cost of painting the basement, as part of any recent agreement to increase their settlement offer. If this payment has been agreed, it should be honoured).

In respect of the damage to the kitchen walls, and replacing the carpet in the basement, Fairmead have already accepted this part of Miss F's claim as a way of resolving the claim. Fairmead have set out what Miss F would need to do to progress this part of her claim. I think Fairmead's actions are fair in response to the damage to the kitchen walls, and replacing the carpet in the basement. I will be asking Fairmead to complete the actions they've agreed to (following evidence from Miss F as requested) as part of my overall direction to put things right for Miss F's complaint.

Contents claims

Miss F's complaint about her contents claim is in two parts. Firstly Miss F says the full contents claims list doesn't include all of her items. Mrs F says the BER list shared with her to date has been incomplete, and inaccurate. Because of this, there has yet to be agreement of items to be disposed of, returned, or be restored first, and then returned.

Throughout the duration of this claim Mrs F has been sent several amended versions of the BER list for review and approval. I understand that Mrs F has remained unhappy with the BER list sent to her on each occasion. But I feel that reasonable attempt has been made by company S to try and address Miss F's concerns, and progress her claim to the point of finalising her contents claim.

Mrs F is concerned about accepting items back that might potentially cause harm to health. But I don't think it would be reasonable for Fairmead to hold on to Mrs F's items indefinitely. Should any issues arise following the return of Mrs F's items to her, Mrs F will need to raise these with Fairmead to investigate in line with their complaints process.

The second part of Mrs F's contents claim complaint concerns the cross contamination of her items. Miss F says that company B are responsible for the cross contamination of her items because of the way that they were handled and stored. Fairmead have agreed that this wasn't done properly, and extra care should've been taken when dealing with Mrs F's items- especially as she had specifically requested this given her health conditions.

I am persuaded by what Mrs F has explained about informing company S to take care when handling her items. Because this wasn't done Mrs F had to reach out to company S on several occasions to complain about the impact on her health, and the toll on her well-being. Although Fairmead have offered £300 compensation overall (including compensation for other areas of poor service). I am minded to increase this by £300, making total compensation £600.

Although we can't be certain of the long-term health impact on Mrs F, I am persuaded that she was caused upset and frustration by Fairmead's failure to take proper care despite her request for items to be stored separately. This was further compounded by Mrs F being required to stay at home because of the pandemic. Mrs F was left to stay in her home, a place which she should feel safe in, but wasn't able to. This was primarily because of the way her items had been stored, and her concern for her well-being. I have addressed this compensation as part of my overall direction to put things right for Miss F's complaint. Customer service and delays on claim

Miss F has also complained about the level of service provided while company S were dealing with her claim. Miss F has referred to several occasions where she tried to call company S but couldn't reach them. She's also unhappy with the long periods of delay in dealing with her claim.

I've considered the timescales from the date of incident on 19 October 2021 to the date Mrs F was told what her claim would and would not cover in January 2022. In the early stages of the claim, before the claim outcome was explained, I'm persuaded the actions taken to progress Mrs F's claim were broadly reasonable. During this time company S inspected the damage to determine the cause of the leak. When this couldn't be confirmed, company D (a company specialising in leak detection), was instructed to provide an independent professional opinion. Following this report, Mrs F was informed of the outcome of her claim (albeit one she didn't agree with).

I can appreciate what Mrs F has explained about having to repeat the circumstances of her claim several times to company S, including the impact on her health. It is evident the relationship between company S and Mrs F broke down during the claims process. But in considering the length of the claim, I don't think it would be fair to hold company S entirely responsible for the time it's taken for the claim to progress.

One of the main reasons for the claim not concluding is the disagreement between Mrs F and company S about Mrs F's contents claim. I have already explained my findings on this, and would add that I think company S have made reasonable attempts to finalise the BER list with Miss F.

I appreciate Miss F feels strongly that company S failed to reach out to her when they should've done, and communications were often delayed. From the evidence I've seen, issues raised by Miss F were answered (albeit not always with the response Miss F was looking for). It's also not unusual for there to be periods of negotiation and assessment while a claim of this complexity is being considered. It is evident that Miss F was seeking faster resolution of her claim, but I don't think the lack of progress has been caused by company S' handling of the claim. So I won't be directing any additional compensation for this aspect of Miss F's complaint.

Miss F says the compensation awarded doesn't reflect the stress caused to her. I think Miss F is ultimately unhappy with the outcome of her claim in respect of the damage to her kitchen and outside wall area. As this isn't covered by the policy I can't hold company S responsible for the upset caused to Miss F by their decision not to pay for this part of Miss F's claim. I think the compensation already offered fairly recognises the impact on Miss F by what went wrong with the handling of the claim, but also that the outcome of the claim remains unchanged.

putting things right

During our involvement Miss F advised that Fairmead increased their offer to £13,100. I haven't had any details of the breakdown for this, and what it relates to.

For avoidance of further delay I have set out my intended recommendation to put things right below. I will await a response to this provisional decision to finalise what Fairmead Insurance Company Limited needs to do.

Fairmead Insurance Company Limited must:

- 1) Pay the contents settlement offer of £10,707.40 as detailed in the final response letter of November 2022 (if not already paid);*
- 2) Pay for the cost of repair of the basement stairs (subject to receiving a reasonable quote from Miss F for this repair work);*
- 3) Pay for the cost of repairing holes in the kitchen (subject to receiving a reasonable quote from Miss F for this repair work); and*
- 4) Pay for the cost of replacement carpet (subject to receiving a reasonable quote from Miss F for this work); and*
- 5) Pay £600 (£200 as per final response letter of July 2022, if not already paid. £100 as per final response letter of November 2022, if not already paid. And a further £300 in recognition of the impact on Mrs F for incorrectly storing contaminated and non-contaminated items).*

Responses

Miss F and Fairmead Insurance Company Limited accepted my provisional 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.

As both parties accepted my provisional decision, it remains unchanged.

Putting things right

Fairmead Insurance Company Limited must:

- 1) Pay the contents settlement offer of £10,707.40 as detailed in the final response letter of November 2022 (if not already paid);
- 2) Pay for the cost of repair of the basement stairs (subject to receiving a reasonable quote from Miss F for this repair work);
- 3) Pay for the cost of repairing holes in the kitchen (subject to receiving a reasonable quote from Miss F for this repair work); and
- 4) Pay for the cost of replacement carpet (subject to receiving a reasonable quote from Miss F for this work); and
- 5) Pay £600 (£200 as per final response letter of July 2022, if not already paid. £100 as per final response letter of November 2022, if not already paid. And a further £300 in recognition of the impact on Mrs F for incorrectly storing contaminated and non-contaminated items).

My final decision

For the reasons provided my final decision is that I uphold this complaint.

Fairmead Insurance Company Limited must follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 16 October 2023.

Neeta Karelia
Ombudsman