

The complaint

Mr R complains that Advantage Insurance Company Limited unfairly declined a claim he made under his home insurance policy. He's also unhappy about the service he received from it.

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 late 2022, Mr R made a claim under his home insurance policy with Advantage after discovering an escape of water coming up through his kitchen floor. Advantage instructed a leak detection company ("S") to investigate where the leak was coming from.

Mr R raised concerns that the visit wasn't scheduled to happen until a few weeks after he'd made the claim. He was also unhappy about being charged an excess prior to any visit.

The leak detection company wasn't able to find the source of the leak. Advantage arranged for another company ("C") to attend.

Following this, Advantage declined Mr R's claim. It said that the damage suffered did not fall within the items covered under the terms and conditions of its policy, and that the actual cause of loss was because of gradual deterioration. Advantage said there were cracks to the gulley that required replacement.

Mr R raised a complaint with Advantage. He said C hadn't carried out a CCTV survey as indicated. He said it had advised the gulley drain needed to be removed for further detailed investigation, but it wasn't. There was no evidence to clearly identify that the gulley drain was causing the issue.

Advantage arranged for C to visit the property again. C removed and replaced the gulley drain and later told Mr R it was charging him for this as private works.

Mr R raised a further complaint with Advantage. He said the water company had found the cause of the issue. It was a sewer drain blocked at a neighbour's property and nothing to do with his kitchen gulley's drain. The gulley drain did not need to be replaced and CCTV could have been undertaken without its removal. He said he hadn't been told that Advantage's contractors would be charging him directly for any services on attendance.

In response to Mr R's complaint, Advantage said it was unable to confirm, or otherwise, cover for his floor. It offered him £300 for the delays to Mr R's claim.

Mr R remained unhappy and asked our service to consider the matter.

Advantage told us it believed it had made the wrong decision when it decided to repudiate the claim. It said it would be reaching out to Mr R to confirm it would be covering the claim

and steps would be taken to progress things. It offered to increase its offer of compensation for distress and inconvenience from £300 to £500.

Our investigator thought Advantage's offer was fair, but Mr R disagreed. He said he was being pursued by C for payment of around £500 and would like written confirmation from Advantage that he didn't owe them any money. He was also unhappy with the quality of the drain replacement and said he hadn't had any guarantee for the work from C, despite requests to Advantage.

Mr R said there was still water damage in the kitchen on floor tiles and unit boards, and estimated replacement costs to be a minimum of £1,500.

Mr R said the cost of taking out a policy with another insurer had increased significantly, which he believed was as a result of Advantage delaying the finalising and settlement of his claim and recording it incorrectly.

He also queried if the policy excess would be written off by Advantage. And he said he estimated a more realistic settlement for compensation was £6,550.

As Mr R disagrees with our investigator's outcome, 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.

I've considered everything Mr R has told our service, but I'll be keeping my findings to what I believe to be the crux of his complaint. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

Mr R has made us aware of some other concerns since he brought his complaint to us. I thought it would be helpful to provide some clarity about the Financial Ombudsman Service's role and the scope of the complaint that I'm deciding. Our role is to resolve disputes between complainants and financial businesses, to help both parties move on. It isn't our role to handle a claim or to deal with matters as they arise.

To be clear, in this decision I have only considered matters complained of up until the date of Advantage's final response letter of 26 May 2023.

Advantage has offered to settle Mr R's claim and pay him £500 compensation for distress and inconvenience. So, I've needed to consider if that's enough to put things right. Mr R has suggested that compensation in the region of around £6,550 would be more appropriate to settle his complaint. However, he's included the amount he thinks is needed to settle his claim and has raised some other concerns that go beyond the scope of this complaint.

The policy's terms and conditions set out how a successful claim will be settled as follows:

"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)..."

Advantage has agreed to cover Mr R's claim, but the policy terms allow it to decide how to settle it. This means it won't necessarily offer him a cash settlement.

Mr R has queried if Advantage will be writing off the policy excess for his claim. This isn't something it said it would do when it made its offer to settle the complaint. I don't think it would be unreasonable for Advantage to apply the excess, in line with the policy's terms and conditions.

The £500 Advantage has offered to pay Mr R is compensation for the distress and inconvenience it's caused him.

The relevant industry rules require insurers to handle claims promptly and fairly. It should provide reasonable guidance to help a policyholder make a claim and appropriate information on its progress. And it shouldn't unreasonably reject a claim.

The first leak detection company didn't visit Mr R's property until almost three weeks after he made his claim. Mr R says he contacted Advantage several times during this period. He was concerned about being asked to pay the excess and about the leak getting worse. However, Advantage doesn't appear to have responded to him.

It seems that neither of the companies Advantage appointed to investigate the leak were able to identify the source of it. Mr R says the water ingress stopped after the water company resolved the issue of a blocked sewer drain at a neighbour's property in early March. This was a little over two months after he made the claim.

I think Mr R was caused some unnecessary distress by Advantage's decision to decline his claim, given that it's now says it's covered. I understand Mr R was left with a damaged kitchen floor and units.

It doesn't look like Advantage clearly explained to Mr R why C was expecting him to pay for the replacement drain. This was particularly upsetting, as this doesn't appear to have been the source of the problem. Mr R says Advantage would have known this if it had contacted the water company as it said it would.

Overall, I think Advantage's communication with Mr R was poor. Mr R had to contact it a number of times and he says much of his correspondence was unanswered. Advantage doesn't appear to have clearly addressed Mr R's queries and concerns.

I'm satisfied that Mr R has been caused considerable distress, upset and worry over a number of months because of Advantage's poor handling of his claim. However, the £500 it's offered him for distress and inconvenience is in line with the compensation our service would typically award under the circumstances. So, while I know this will be disappointing for Mr R, I'm not persuaded to increase this.

Putting things right

Advantage should:

- Settle Mr R's claim, in line with the policy's terms and conditions and
- Pay Mr R £500 for distress and inconvenience.

My final decision

For the reasons I've explained, I uphold Mr R'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 R to accept or reject my decision before 20 December 2023.

Anne Muscroft
Ombudsman