

The complaint

Mrs S has complained about the way Accredited Insurance (Europe) Ltd ('Accredited') handled her claim for water damage under her home insurance policy.

What happened

Mrs S's property was damaged following a burst water pipe in the loft water in December 2022, resulting in significant water damage to the rooms below. Mrs S was insured by Accredited at the relevant time and submitted a claim following the incident. Accredited accepted the claim and offered a cash settlement for the damage. Mrs S was unhappy about the handling of her claim and didn't think that the cash settlement was adequate. She wanted Accredited to pay the full amount she was quoted for the works.

Accredited maintained its position and Mrs S referred her complaint to this service. The relevant investigator didn't uphold Mrs S's complaint as to the level of settlement. She said that the insurer would only be expected to pay what it would have cost its own contractors to carry out the works. However, she upheld Mrs S's complaint about the service received. She didn't consider that Accredited's offer of £50 for delays to be a fair reflection of the claim issues. It was her view that Accredited should pay Mrs S £250 compensation in total.

Accredited disagreed with the amount of compensation recommended by the service's investigator. In the circumstances, the matter has been referred to me to make a final decision in my role as Ombudsman.

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.

The key issue for me to determine is whether Accredited applied the terms and conditions of the policy, and generally acted, in a fair and reasonable manner. I'm satisfied that Accredited applied the policy fairly and reasonably, however I'm not satisfied that it provided an adequate service in all respects, and I uphold Mrs S's complaint in this respect. I'll explain my reasoning below.

I turn firstly to Mrs S's submissions. She said that the burst pipe unfortunately occurred around Christmas times. Accredited informed her it couldn't get dryers and told Mrs S to leave the heating up, with windows open for three weeks. Mrs S said that all walls, ceilings had cracked. As such, Accredited said it had to re-scope the damage and had revised its settlement offer to just over £7,100 after Mrs S complained. She wanted her own contractors to repair the damage, due to her experience of constantly having to drive the claim.

Mrs S considered that the cash settlement offered by Accredited wasn't nearly enough to cover the cost of the repairs. The quotes she'd obtained totalled over £7,750 and this didn't include additional damage to the bathroom and kitchen that totalled over £1,500 or include £450 for loft insulation. She didn't think she could accept an offer that didn't come with a breakdown of what damage it included.

As to further difficulties, Mrs S said that her bedroom had developed a serious mould issue, to include mattress and bedding, which had affected her breathing. As a result, her bedroom had become uninhabitable. She also felt that Accredited constantly delayed the claim and that there was a lack of response and sense of urgency. In March 2023, she complained that *'I am yet to hear anything regarding the outcome of my legitimate claim or see any action being taken to minimise the effect of the damage following the leak...'*

Mrs S said that six visits occurred before Accredited eventually took any note of the additional damage to walls and ceilings, and there had been no communication or updates following visits. She said that she'd provided hundreds of photographs yet Accredited still wanted more. Whilst she appreciated that there were numerous claims received in December, this was the same for all insurers, and it was now June 2023. Mrs S said: *'I am losing precious time in getting the damage repaired and the longer it is left the longer the costs will increase...'* Mrs S thought that she'd been left in a totally unacceptable and outrageous position and referred to having been 'gaslighted'. Finally, Mrs S outlined her health issues which she said Accredited had been aware of from the date of claim.

I now turn to Accredited's submissions. It referred to the fact that it had offered just over £7,100 as a cash settlement of this particular claim, plus an amount for VAT. It referred to the terms and conditions of the policy, to the effect that it would offer a cash settlement to the same level as the cost for its preferred contractor to complete the same repairs. It also offered the alternative for Mrs S to use one of Accredited's contractors to complete the repairs in accordance with the scope of works.

As to the time taken to resolve the buildings claim, Accredited accepted that it had received an updated scope from the surveyors in early May 2023, and the cash settlement offer was not made until early June 2023. It also accepted that there was a delay in testing and removal of asbestos *'with the cash settlement raised later than we would have hoped as a result.'* It apologised and initially offered £50 compensation and eventually increased this to £175. It reiterated that it considered this appropriate, as the industry had been under intense pressures and that there'd been significant challenges in the first months of 2023.

Having considered all evidence and submissions I now provide my reasoning for this final decision. The starting point in such cases is the policy wording. In this case, the relevant wording is as follows: *'When settling your claim, if we decide that we can offer rebuilding work, repairs or replacements, we will ask you to choose one of the following options. a) We will choose a contractor (our preferred contractor) and instruct them to carry out the rebuilding work, repairs or replacements b) We will pay you a cash settlement for the same amount it would have cost us to use our preferred contractor.'*

Firstly, I consider that the cash settlement offered by Accredited was fair and reasonable. Having carefully considered the detailed, priced scope of works supplied by Accredited, I'm satisfied that the cash settlement reflected the cost for which its own contractor could have completed the same repairs. This included works to the bathroom, bedrooms and loft insulation work. I'm also satisfied that it fairly and reasonably offered an alternative solution for Mrs S to use its own network of contractors, however this was declined by Mrs S. Whilst Mrs S was entitled to opt for use of her own contractor, I can't say that Accredited acted unfairly or unreasonably in declining to pay out for the higher quotes she'd obtained.

As to the amount of time taken to process the claim, there are invariably inbuilt delays in scoping, processing, and resolving a significant claim of this nature. There will also naturally be queries and reviews on both sides which all take time resolve. These can cause some inconvenience but are not in themselves unfair or unreasonable. In general, I consider that

Accredited had been reasonably responsive in progressing this claim. The initial scope of works was produced promptly but needed to be reviewed following discussion with Mrs S.

Nevertheless, I can't say that the claim was managed in an efficient manner in all respects. I accept that the early months of 2023 would have proved challenging for insurers due to the volume of claims. Accredited has itself accepted however that there were delays in asbestos testing and in making its offer of settlement following the production of a revised scope of works. I consider that there were therefore avoidable delays here and inadequate communication for a period of weeks, bearing in mind that it was also aware of Mrs S's health concerns. I also agree that the claim process wasn't as streamlined and smooth as should be expected, with Mrs S having to resend information and to chase for claim updates. I'm therefore satisfied that a total of £250 would be a fair and reasonable amount of compensation to reflect the unnecessary stress and inconvenience caused to Mrs S.

My final decision

For the reasons given above, I uphold Mrs S's complaint and require Accredited Insurance (Europe) Ltd to pay a total of £250 in compensation to Mrs S for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 17 November 2023.

Claire Jones
Ombudsman