

## **The complaint**

Mr and Mrs R complain about poor service and delays caused by Watford Insurance Company Europe Limited's (Watford) handling of their claim due to an escape of water from a neighbour's property, under their home buildings insurance policy.

## **What happened**

In October 2022 Mr and Mrs R noticed water pooling on their shared driveway. Dampness was also affecting the ground floor of their property. They contacted Watford to make a claim. They say it took around a month before an assessor visited. The claim was accepted. But there were further delays in arranging drying works and arranging for contents to be stored. Suitable alternative accommodation (AA) wasn't offered, which delayed matters further.

Mr and Mrs R moved in with their son when their home became uninhabitable. They say this is because of inadequate efforts by Watford to arrange AA or provide a budget for Mr and Mrs R to locate a suitable place to stay. Their home has yet to be repaired. They say this has had a negative impact on both their physical and mental health.

Watford provided two complaint responses. The first in December 2022 the second in May 2023. It acknowledged some delays and service failings. Watford offered Mr and Mrs R £400 compensation in total, for these issues.

Mr and Mrs R didn't think this was fair and referred the matter to our service. Our investigator upheld their complaint. She identified delays in the handling of the claim that left Mr and Mrs R living in damp conditions over the winter. She thought the standard of communication had been poor, requiring regular chasing from Mr and Mrs R.

To put things right Our investigator says Watford should pay a further £400 compensation in addition to the £400 it had already offered. She also says it should provide an update on Mr and Mrs R's claim, ensure work is completed in a timely manner, provide a point of contact, and provide a settlement payment if Watford can't arrange completion of the repairs. Our investigator says the disturbance allowance confirmed after the final complaint response should be reviewed and a breakdown provided.

Watford agreed with our investigator's outcome. Mr and Mrs R didn't. They say the compensation offered is too low given the impact Watford's claim handling had on them. They asked for an ombudsman to consider their complaint.

I issued a provisional decision in September 2023 explaining that I was intending to uphold Mr and Mrs R's complaint. Here's what I said:

### *provisional findings*

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

*My intention is to uphold this complaint. I'm not adding to the compensation our investigator thought was reasonable. I'm sorry to disappoint Mr and Mrs R, but I'll explain why I think my decision is fair. As my findings differ in part to our investigators, I want to give both parties the opportunity to consider what I've said, before I issue my final decision.*

*Mr and Mrs R reported a leak on 18 October 2022. They submitted a complaint later in the year. Watford responded to this on 9 December.*

*Mr and Mrs R made a further complaint. Watford sent its final response dated 3 May 2023. Under the Financial Conduct Authority's (FCA) dispute resolution, or DISP, rules, our service can't consider a complaint unless it's first been raised with the business. This means my decision here will focus on Watford's handling of Mr and Mrs R's claim up to 3 May.*

*From the claim records I can see instructions were given by Watford on the day of the claim, to allow a contractor to carry out 'trace and access' work. This was to find out where the water leak originated from. A note eight days later says the contractor wanted to do an inspection involving "tracer gas". However, this wasn't authorised by Watford. A report was provided by the contractor.*

*I can see that this report and progress of the claim was chased by Mrs R several times in October 2022. On 7 November the contractor emailed Watford to say the leak was either on the incoming pipe or the domestic cold pipework. It recommended a tracer gas investigation. Watford authorised this shortly after receiving the contractor's email.*

*I can see that Watford appointed a loss adjustor to oversee Mr and Mrs R's claim. This was on 16 November 2022. The following day the contractor due to carry out the tracer gas investigation advised the stop-tap had to be replaced before this could be done. On 19 November Mrs R called Watford to say the electrics had tripped for the entire house. She queried why an electrician had yet to visit to inspect the electrics. Despite this having been agreed by Watford's agents.*

*The loss adjustor (LA) visited Mr and Mrs R's property on 22 November 2022. At the same time the trace and access contractor re-attended. The loss adjustor comments that the source of the leak is still under investigation. But he referred to two possible causes for the presence of the water. The first was a possible leak from a lead pipe. The second was an increase in water levels beneath the property during periods of significant rainfall. The LA noted Mrs R had explained this was due to an inadequate or ineffective soakaway.*

*On 5 December 2022 the claim records refer to the leak originating from the neighbouring property. I note this differs from Mrs R's recollection of events. She says this was known on 22 November when the LA and contractor had visited. Mrs R says her neighbour was informed and contacted his insurer. She says the leak, on the neighbour's property, was identified and fixed on 19 December. A record made four days after this, says the source of the leak was a concealed pipe beneath the neighbour's kitchen floor.*

*Based on this evidence the contractor appointed to find the leak could've found this quicker. This was dependent on Watford authorising the tests it recommended. I haven't seen a reasonable explanation why this couldn't have been agreed at the time of the contractor's first request in October. This delay added around a month to the claim.*

*Toward the end of December 2022, the claim records confirm the defective soakaway issue was to be addressed before drying work commences. An estimate was requested from a drying contractor. I can see a drying contractor was appointed on 9 January 2023.*

*Mrs R says she struggled to get in contact with the LA in January 2023. She was later*

*informed the LA had been ill and the claim had been assigned to a different LA. She says AA was discussed later in January, as well as a contractor to remove and store her belongings whilst strip-out and drying works commenced.*

*Mrs R says her furniture was removed on 31 January 2023. And the drying contractor removed flooring and skirting, as well as creating holes to aid the drying process. A claim note from 7 February gives an estimated drying time of four weeks, with the caveat that the wall plaster will need monitoring. The notes says if it fails to dry further strip-out work will be required.*

*In mid-February 2023 it was identified that the property needed further strip-out works to aid the drying process. The claim notes say some additional contents from the property will need to be removed. However, Mrs R didn't want more strip-out work to be completed whilst her and her husband were living there. From the claim notes and Mrs R's submissions, the possibility for AA was discussed. The records say this would be sorted out first, prior to any further strip-out works commencing.*

*A record dated 23 March states Watford will approve AA for an initial 60 days. Subsequently this was increased to 90 days after a discussion with Mrs R. The records indicate the call became heated and had to be ended. I note from her submissions to our office, that Mrs R says there had been a gap of around five weeks with no response from Watford around this time. This was despite her sending numerous emails. According to the claim notes Watford's agent told Mrs R that she'd been using an incorrect email address, and that her messages hadn't been seen.*

*From around the end of March 2023 and into April, the claim notes refer to efforts to find suitable accommodation for Mr and Mrs R. I note Mrs R's comments that no suitable accommodation was found. Although the records say several suggestions were offered. I can see a payment of £800 per month was subsequently offered if Mr and Mrs R should wish to stay with friends or family.*

*Mr and Mrs R confirm that they moved out of their property to stay with their son on 21 April 2023. At this time, they asked that their son and his personal assistant be the main point of contact for any further issues relating to their claim.*

*I can see a concern was raised on Mr and Mrs R's behalf on 26 April 2023 that the dehumidifier's Watford had in place had begun leaking around four weeks previously. Their representative advised the property wasn't therefore being dried and hadn't been for around four weeks.*

*The claim records indicate one humidifier was leaking. But this hadn't affected the process of drying the fabric of the building. Watford's agent recorded that the drying regime was to be reassessed once the further strip-out works were completed.*

*On 26 April 2023 Watford emailed Mr and Mrs R's representative. In its email it said that AA had been offered but rejected by Mrs R. Mrs R had asked if it would pay a disturbance allowance if they moved in with friends or family. Watford says it confirmed its offer of £800 per month in response. In its email Watford says its contractor had been instructed to make contact to arrange for the remaining strip-out works. After this is done it says it will arrange for additional drying equipment to be installed and an estimate for when this will be completed.*

*Watford issued its final complaint response around a week later. In this it refers to its earlier complaint response from 9 December 2022 where it offered £150 compensation. This was for the delay in authorising the leak detection test and some additional service failings. In its*

*final complaint letter in May, it says it has identified further delays in the progression of the claim. In part this was caused by the need to appoint a new LA. It says the strip-out works had provisionally been booked in for 9 May. It offered a further compensation payment for £250 in light of the poor service Mr and Mrs R had received.*

*Some disruption and inconvenience is largely unavoidable in situations such as this. But we do expect an insurer to handle claims effectively to avoid causing unnecessary delays and inconvenience. Having considered all of this, I don't think Watford handled Mr and Mrs R's claim effectively.*

*I say this because the location of the leak, on the neighbour's side, could reasonably have been identified more quickly, had Watford provided authorisation for the trace gas test in October 2022. It took too long to do this which added several weeks onto the claim. There then followed around a month before the neighbour was able to identify and stop the leak. The drying contractor started the drying process at the end of January 2023. This was six weeks after the leak had been fixed. I've not seen a satisfactory explanation why this couldn't have happened sooner.*

*The drying process wasn't effective requiring further strip out works. Mr and Mrs R didn't want to be in the property whilst this was done. I can understand why, given their reference to the damp and disruption caused to their property. Mrs R explains that she had a recent surgery, and this was impacting on her recovery. Similarly, her husband has a chronic lung disease, this meant the humidity had a negative impact on him as well. Mrs R also highlights the impact the ongoing disruption and living conditions had on their mental wellbeing.*

*AA was offered, albeit the solutions proposed weren't suitable. From the claim records, options were initially provided in a timely manner. Although communication was at times lacking, which I note Watford doesn't dispute. I understand Mrs R doesn't agree that suitable efforts were made to assist with AA. I can't see that the policy terms provide any detail on how Watford will source AA or what accommodation will be considered. Other than to say suitable accommodation will be provided up to 20% of the buildings sum insured.*

*As it is, Mr and Mrs R decided to move into their son's property on 21 April 2023. Watford has confirmed strip out works were then due to commence on 9 May. I'm not aware if the work started on this date, allowing the drying process to continue. But, as explained, my consideration of this complaint ends on 3 May, when the final complaint response was issued.*

*From the first notification of loss to the point where the second set of strip-out works were yet to be completed, is around seven months. The property had yet to dry, and restoration works were far from being started. I don't think this represents reasonable progress on Mr and Mrs R's claim. To acknowledge the impact all of this had on them, I think a compensation payment is appropriate. Considering their health conditions, age, and the poor service provided, I agree with our investigator that £800 in total is a fair payment.*

*I can't comment on the claim after 3 May 2023. Mr and Mrs R can make a further complaint if they aren't happy with how it's been handled post this point. If they remain dissatisfied they can then refer the matter to our service.*

*Watford should ensure that all claims it receives are handled effectively and in line with its policy terms and conditions. This is what it's required to do in Mr and Mrs R's claim. I won't repeat the requirements our investigator included in her view for how the claim should be handled post Watford's final complaint response. Any issues with the subsequent handling of the claim will need to be raised as a further complaint and considered separately.*

I said I was intending to uphold Mr and Mrs R's complaint and Watford should pay them £800 compensation, in total, for the distress and inconvenience it caused.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Watford responded to say that it accepted the findings I set out in my provisional decision.

Mr and Mrs R responded on 27 September 2023 to say they paid a £500 policy excess fee to Watford that needs refunding. They say this is because the leak was thought to originate on their property but later was found to have come from their neighbour's property.

Mr and Mrs R say Watford has yet to pay the disturbance allowance or electricity charges it agreed to pay. If these payments are made they say that, although somewhat low, they accept the compensation payment for £800.

Mr and Mrs R emailed our service again in October 2023. They say they want to point out discrepancies in my provisional decision. They say no guarantees or drying certificates for the repair work has been provided by Watford. In addition, the renewal of their insurance policy has been cancelled without any discussion.

Mr and Mrs R say they replied to Watford's emails. So, it's incorrect to say they were using a wrong email address. They say only one suggestion was made for alternative accommodation – not several as Watford had said. They also say they didn't decide to stay with their son, they had no choice as this was their only option.

Mr and Mrs R explain how Watford's handling of their claim has caused an untold amount of stress affecting their mental and physical health. In addition, they say it is still withholding payments. For these reasons they say they can't accept £800 compensation.

### **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.

I've thought about Mr and Mrs R's comments regarding the excess fee they paid for their claim. I accept that the source of the water leak changed. This was initially thought to be on their property. Later it was identified that the source of the leak was on their neighbour's property. I can see from their 'Policy Certificate' that an excess fee of £500 is applicable in the event of a claim for an escape of water. I've also read Mr and Mrs R's policy terms and conditions. The terms say:

*"Excess - The first part of the claim for which you are responsible (your excess can be found on your Policy Certificate)".*

Based on this information Mr and Mrs R are responsible for paying the first £500 of their claim. Watford has indemnified Mr and Mrs R for their loss, under their policy. I think this reasonably means that the policy excess is payable.

I can see that Watford agreed to a disturbance allowance whilst Mr and Mrs R were staying with their son. This was for the period 21 April to 21 June 2023. In my provisional decision I explained I can only consider Mr and Mrs R's complaint up to the point they received Watford's final complaint response, which was sent in early May.

Watford should settle any agreement it made to pay a disturbance allowance. It should also

cover the electricity charges incurred by the drying works. But as of 3 May 2023, the repairs were ongoing, and Mr and Mrs R were still residing with their son. The lack of payment for these issues didn't form part of their complaint at this time. They can of course raise a complaint with Watford about the claim period following its response in May. I understand this is what they intend to do. If Mr and Mrs R remain dissatisfied with Watford's response they can then ask our service to consider the matter.

I've read the correspondence exchanged between Mr and Mrs R and Watford. I can't see that they complained about the lack of a drying certificate or guarantees for the repair work. But again, the repairs were ongoing at the time of Watford's complaint response in May. I think it's reasonable to expect any information regarding guarantees would be provided on completion of the work. As discussed Mr and Mrs M can raise this with Watford as a complaint. But I can't consider it in my decision here.

I've considered Mr and Mrs R's comments that they responded correctly to Watford's emails, not to an incorrect address as it suggested. In addition to their comments that the business only made one suggestion for accommodation. I acknowledge what they say about having no choice but to stay with their son.

I'm sorry Mr and Mrs R were upset and caused inconvenience as a result of Watford's handling of their claim. But I think £800, for the issues experienced up to its final complaint response on 3 May 2023, represents fair compensation.

Having carefully considered Mr and Mrs R's comments, although I'm sorry they remain dissatisfied, I'm not persuaded that a change to my provisional findings is warranted.

### **My final decision**

For the reasons I've given above and in my provisional decision, my final decision is that I uphold Mr and Mrs R's complaint. Watford Insurance Company Europe Limited should:

- pay Mr and Mrs R £800 compensation, in total, for the distress and inconvenience it caused them.

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

Mike Waldron  
**Ombudsman**