

The complaint

Mr and Mrs M complain about how Soteria Insurance Limited (trading as The Co-operative Insurance) handled their home insurance claim. They are also unhappy with the settlement it's offered.

Soteria is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of its agents. As Soteria has accepted it is accountable for the actions of the agents, in my decision, any reference to Soteria includes the actions of the agents.

What happened

In early 2021, Mr and Mrs M made an escape of water claim under their home insurance policy with Soteria.

Soteria arranged for a surveyor to assess the damage. The surveyor recommended strip out works to facilitate drying. Soteria then appointed a loss adjuster, who contacted Mr M to discuss the claim. Mr M was unhappy that the loss adjuster suggested the floors might not need to come up, when the surveyor had said they would. It was agreed that the loss adjuster would visit the property.

The loss adjuster attended at the end of April 2021. Soteria says the visit was delayed by around two months because it had difficulty arranging an appointment with Mr M.

Mr M said he wanted Soteria to arrange drying if possible, but his own contractor would arrange reinstatement works and plumbing. It was agreed that alternative accommodation was necessary.

There were problems finding suitable alternative accommodation for Mr and Mrs M, so works were delayed until September 2021 and then to January 2022. Mr and Mrs M then decided they would prefer to have the work done in the summer.

Mr and Mrs M's contractors were booked into start work in July 2022. However, there were still difficulties finding suitable alternative accommodation. So, Mr and Mrs M suggested that the works be started while they were away on holiday and Soteria cover their holiday costs. Soteria agreed to pay them £20,000.

In May 2022, Mr and Mrs M informed Soteria that they'd been advised their whole kitchen would need to be replaced because the units would be damaged when removed for the strip out.

Soteria's loss adjusters met with Mr and Mrs M and asked some further questions about the works that needed to be carried out. Mr and Mrs M were upset by the meeting and felt that the loss adjuster hadn't understood what had previously been found.

Mr and Mrs M raised a complaint about various matters, including the alternative accommodation, delays and their dealings with the loss adjuster.

Soteria said it hadn't been able to find alternative accommodation for Mr and Mrs M. It thought its offer of £20,000 was a fair and reasonable compromise under the circumstances.

Soteria said reports by the surveyors who first attended Mr and Mrs M's property and the drying company didn't identify any water damage to the kitchen units. However, as Mr and Mrs M had provided photographs showing mould in the kitchen, it would be happy to consider any estimates Mr and Mrs M's contractor provided to rectify this.

It acknowledged a breakdown in communication between Mr and Mrs M and the loss adjuster. But it said it didn't think he'd mishandled the claim or tried to cut corners. And it thought it would be best for him to continue to look after the claim.

Mr and Mrs M remained unhappy and asked our service to consider their concerns.

Our investigator thought the amount Soteria had paid Mr and Mrs M for the alternative accommodation part of the claim was fair. But she thought it should have been offered sooner.

The investigator thought Soteria's cash settlement offer of around £47,000 for reinstatement works was reasonable, but she thought it should add interest to the payment. She also thought Soteria should pay Mr and Mrs M £600 to compensate them for avoidable delays it was responsible for.

Mr and Mrs M disagreed with our investigator's outcome. It said she'd failed to take into account some of the costings they'd sent to Soteria, including a cheque they hadn't cashed. They said she also hadn't included the cost of tiles Mr M had paid for. They said they hadn't expected Soteria to pay for their new kitchen, but they'd been told it would pay 50% of the undamaged units.

Mr and Mrs M also commented that they had to live in a house with black mould for over a year because of a lack of alternative accommodation, which was a known health hazard. They said the work should have started in September 2021 but was delayed by Soteria. They were never given an appropriate response as to why no houses were available and felt it was a cost cutting exercise.

Soteria also disagreed with our investigator's outcome. It didn't think it was fair to add interest to the cash settlement because it hadn't appointed the contractor. The contractor was chosen by Mr M who was also having some private work done. It was therefore reliant on Mr M or his contractor providing their costs and it was waiting months for these.

Soteria said it didn't agree to pay for Mr and Mrs M to go on holiday. They were going anyway. It had tried to find suitable alternative accommodation and came up with some options, but they were refused, and no compromise would be made on Mr M's part. It said as private works were being done, this would have prolonged the time taken to do the work. It didn't agree it was at fault for the time taken to agree the £21,000 or there should be any further consideration for this in the compensation. It felt it had been over generous with the alternative accommodation payment.

Soteria didn't agree that it was responsible for delays to the work being carried out, or that it hadn't responded to contact from Mr M.

Soteria also told us it had increased its cash settlement offer to £51,567.16 to account for tiling material cost.

I issued a provisional decision on 23 October 2023, where I explained why I intended to uphold Mr M and Mrs M's 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."

Based on what I've seen so far, I intend to uphold Mr and Mrs M's complaint. I'll explain why.

I've considered everything Mr and Mrs M has told our service, but I'll be keeping my findings to what I believe to be the crux of their complaint. I wish to reassure Mr and Mrs M I've read and considered everything they have sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

Alternative accommodation

The policy's terms and conditions say:

"Rent and Alternative Accommodation

If the Buildings are made uninhabitable by any of the events insured under this Section

- 1. Loss of rent, including up to two years' ground rent.*
- 2. The reasonable additional cost of comparable alternative accommodation*

incurred by you during the period necessary for the repair or reinstatement of the Buildings.

We will not pay more than £50,000 in respect of any one event."

Initially Soteria didn't think alternative accommodation was necessary while works were being completed to Mr and Mrs M's property. However, it later accepted that they were.

Mr and Mrs M say they had to live in a house with black mould for over a year because of the lack of alternative accommodation. They say the work should have started in September 2021.

It looks like Soteria started to look for alternative accommodation in the summer of 2021, but nothing was available. In July 2021, Soteria offered Mr M the option of a cash settlement or waiting until September when families were back from holidays, and more properties were likely to be available.

In response Mr M emailed:

"I spoke with my letting agency. I could almost hear them laughing? They have just one, one bedroom un-furnished apartment. So I think we shall have to wait until September.

I presume the cash lump sum is for the accommodation? There just isn't any. So hopefully accommodation will get better after the school holidays?"

So, it appears that neither party was able to find suitable accommodation over the summer of 2021, due to a lack of available properties.

From what I can see, Soteria still wasn't able to find a property which met Mr and Mrs M's requirements after the school holidays. It's noted that Mr M didn't agree with alternative accommodation options provided by its agents. He wanted a property with a similar aspects to his home, with a minimum of three parking spaces, in a quiet location. Soteria has noted that Mr M's request for a three bedroom rental property was not a viable option as they normally hold a 12 month minimum tenancy. Soteria had originally agreed to cover alternative accommodation for 8 weeks but had extended it to 10 weeks just to be safe.

According to Soteria's records, it offered Mr M a cash settlement of £6,000 in January 2022 because it wasn't able to meet his accommodation requirements. Mr M then decided he wanted to wait until the summer for the works to be done.

Mr and Mrs M arranged to go on a six week overseas holiday in the summer of 2022. They suggested Soteria cover the cost of this holiday as well as Airbnb costs on their return. Soteria offered Mr and Mrs M £20,000 to settle the alternative accommodation aspect of the claim. This was later increased to around £21,000.

I appreciate Mr and Mrs M are unhappy that Soteria didn't find them suitable alternative accommodation. However, the terms of the policy only require it to cover the reasonable costs of comparable alternative accommodation for the time the property was uninhabitable.

Given the difficulties in finding suitable accommodation, I think it was reasonable for Soteria to offer a cash settlement to resolve this aspect of the claim.

I understand Mr and Mrs M's concerns that the mould might have impacted their health. However, I'm not persuaded that Soteria is fully responsible for the delay in the work commencing. It appears to have taken reasonable steps to try to source suitable alternative accommodation for Mr and Mrs M. But it seems there wasn't anything available that Mr and Mrs M were happy to accept. And it seems that Mr M made the decision to delay works until the summer of 2022, when suitable accommodation hadn't been found by January 2022.

I acknowledge what Mr and Mrs M have said about the condition of the property when they moved back in. But the work was being carried out by their own contractors and I understand that some of it didn't relate to the claim.

In any event, Soteria's cash settlement was much more than a reimbursement of reasonable accommodation costs for the time Mr and Mrs M were unable to stay in the property. It was enough to cover other holiday costs including flights and hire car.

Even if I was persuaded that Soteria should have done more to resolve the alternative accommodation sooner, I think the cash settlement it's paid Mr and Mrs M was sufficient to compensate them for any impact this might have had on them.

So, I don't intend to tell Soteria to pay anything more in respect of the alternative accommodation aspect of the claim.

Settlement

The policies terms and conditions say:

"If we are able to offer repair or replacement through a supplier approved by us but we agree to make a cash settlement, or for you to use your own supplier, then any payment will not exceed the amount we would have paid our approved supplier."

They go on to say:

“We will not pay for the replacement of, or work on any undamaged items or remaining parts, solely because they form part of a set, suite, group or collection of articles of a similar nature, colour, pattern or design.”

Mr and Mrs M say they made the decision to replace their whole kitchen because they were worried that their contractor would find they needed one while they were away on holiday, and this would have delayed the works. They provided a report from the kitchen fitter which suggested that the cabinets would fall apart once removed.

Mr and Mrs M say a representative from Soteria told them it would pay 50% towards the cost of undamaged units. However, Soteria denies this.

Soteria says that a surveyor who attended in July 2022 concluded that the escape of water had only caused minor damage to the backboards of two units. Other damage was due to wear and tear.

Soteria says it was never given the opportunity to assist in sourcing any of the items for repair, such as replacement backboards / carcasses etc, yet it had agreed to pay Mr and Mrs M's contractor's invoice and not its discounted rate it would have paid if it had been able to use its own contractors.

The surveyor's report from July 2022 says that three of the kitchen base unit carcasses showed mould growth to the hardboard backing and concludes this was claim-related damage. It looks like Soteria has accounted for the cost of replacing damaged units in its cash settlement offer.

It seems that Mr and Mrs M decided to use their own contractors early on in the claim. I haven't got anything to tell me what Soteria's costs would have been if it had carried out the work. But insurers can often get repairs carried out at a lower cost due to them having established relationships with networks of building companies.

Given that only a few of the units appear to have been damaged by the escape of water event. I think Soteria's cash settlement offer for repairs to the kitchen is reasonable.

When she issued her view to Mr and Mrs M's complaint, our investigator recommended Soteria pay them a claim settlement of £47,211.75.

In its response, Soteria said it was willing to increase its final cash settlement offer to £51,567.16 to include tiling material costs. It said it had taken off £1,440 for cloakroom tiling because this was done twice.

Mr and Mrs M also queried the amount of the settlement. They said our investigator had failed to include the cost of the tiles they'd paid for and the cost of heat pads of £2,138.70. Mr and Mrs M have sent us a copy of their contractor's invoice for tiling which totals £5,759.40. They dispute what Soteria has said about tiling work in the cloakroom being done twice. They said that their contractor's tiler wasn't able to do the wall tiles in that room, so they needed to pay separately for somebody else to do it.

I haven't seen any evidence to show that tiling in the cloakroom was done twice. I think there was likely to have been some sort of miscommunication between the contractor and Soteria which led it to believe this was the case. So, I think the full amount of the tiling showing on the invoice (£5,759.40) should be added to Soteria's cash settlement offer.

I understand that Soteria sent Mr and Mrs M a cheque for £2,138.70 for the heat pads in around September 2022. However, they decided not to cash it because they wanted this payment to be included in the final settlement figure.

I note that Soteria's offer didn't include the £2,138.70 for the heat pads. I can see that Soteria queried if this cost was included in the invoice from Mr and Mrs M's contractors (totalling £36,461 for insured works). It doesn't look like this cost is included in the invoice and previous correspondence suggest the payment was to be made directly to Mr and Mrs M. There's nothing to suggest Mr and Mrs M cashed the cheque after saying they weren't going to. And it would be too late for them to cash it now. So, I think it would be fair for Soteria to also add this amount to the settlement.

The addition of the tiling costs and heat pads brings the total cash settlement to £55,109.85. Based on what I've seen, I think this is a fair amount to settle the claim.

Interest on settlement

Soteria says it doesn't agree it should add interest to the settlement. It says it was reliant on Mr M or his contractor providing their costs and it was waiting for months for these.

Our general approach is to award 8% simple interest a year to compensate consumers for being deprived of money – that is, not having it available to use. In this case, Mr and Mrs M, have been deprived of the money from the date they paid their contractors and suppliers.

I acknowledge what Soteria has said about waiting a long time for Mr M and the contractor to provide their costs. But I think it would be fair for Soteria to pay Mr and Mrs M interest from the dates they paid their contractors and suppliers until the date the settlement is paid. This would be at 8% simple interest per year.

Mr and Mrs M should provide Soteria with a breakdown of the dates they made payments to their contractors and suppliers, with supporting evidence, if they want Soteria to pay them this compensatory interest.

Other matters

Mr and Mrs M have raised a number of concerns about how their claim has been handled and their treatment by Soteria's agents. They were given conflicting information about what strip out works were required. They were particularly upset about dealings with the loss adjuster who took over their case in mid-2022. They felt he hadn't understood their claim and say they felt bullied by him.

I appreciate Mr and Mrs M were unhappy with some of the questions that were asked by Soteria's representatives. But I think it was reasonable for it to validate their costs before agreeing a cash settlement, particularly after Mr and Mrs M said they were planning to replace their whole kitchen.

Mr and Mrs M say a representative from Soteria told them it would cover 50% of the cost of the remainder of the kitchen that was not damaged by the leak in a telephone conversation in June 2022. I haven't been provided with a recording of the call, so I don't know exactly what might have been said. I've explained why I don't think it would be reasonable to tell Soteria to pay 50% towards the cost of the undamaged kitchen units. But I accept that Mr and Mrs M were caused some distress because I think they were likely to have been given the impression that this would be paid.

This claim has been going on for quite some time, with Soteria and Mr and Mrs M unable to agree to a settlement. I acknowledge that much of the delay in progressing the claim was beyond Soteria's control and I think it's tried to be fair to Mr and Mrs M. But I think there were times when its communication with them could have been better. So, I think it would be fair for Soteria to pay Mr and Mrs M £300 for distress and inconvenience."

I set out what I intended to direct Soteria to do to put things right. And I gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

Responses

Soteria commented that the policy makes an allowance for the cost of accommodation. It said that whilst it does its best to source this, its responsibility only lies with the cost not the search. It said if Mr and Mrs M had been willing to widen their parameters on what rental could have been suitable, it believed something could have been found. It said the cash settlement for the accommodation was agreed based on Mr and Mrs M having a holiday abroad and being away from the site whilst works were ongoing. It believed this was a regular trip for Mr and Mrs M and had already been booked.

Soteria said Mr M had already booked in his contractors prior to any agreement on scope or cost. It was his own decision, made without Soteria's agreement.

Soteria said it was concerned about the extent of the scope and wanted to investigate the full extent of damage by carefully removing parts of the kitchen and determining what was required to reinstate it. It was of the opinion Mr and Mrs M didn't allow appropriate access and time to investigate the full extent and obtain parts for repair. It said it was Mr and Mrs M's choice to replace the kitchen. Soteria was only concerned with insurance works. The private works Mr and Mrs M were having done were extensive and included removing the wall between the kitchen and dining room, with a full run of undamaged kitchen units.

Soteria said the purchase of tiling was made by Mr and Mrs M at £5,759.40 and was included in its previous settlement offer figure. It understood the £1,440 was to redo the cloakroom tiling. It said Mr and Mrs M's contractor had advised he tiled the cloakroom and Mr and Mrs M had it done again.

Soteria said Mr and Mrs M's contractor had advised that he had paid the £2,138.70 to the company who had carried out drying works. It said a payment was originally sent to Mr and Mrs M for this, but it was never cashed so it assumed they didn't pay this and their contractor encompassed it within his overall job.

Soteria said it believed the claim could have simply been a repair at a lot less cost. It didn't agree it should pay any compensation or interest. The delays were caused by Mr and Mrs M not providing the requested evidence and having additional private works done.

Mr and Mrs M said they appreciated the cost of tiles being accepted and the reimbursement of heat pads. However, they were disappointed that there had been no payment towards the units in the utility room, which had to be removed as they stood on tiles. They referred to the report they'd provided from their kitchen supplier and said the units collapsed and had to be replaced. Soteria continually claimed that units could be repaired but this was not the case. It had acknowledged the worktop needed to be replaced, so it didn't make sense for the units not to be included. This would be an additional £2,456.24.

Mr and Mrs M said there were also a number of misconceptions and inaccuracies in my provisional decision.

They disputed what I'd said about a loss adjuster attending at the end of April 2021. They said Soteria did not try to arrange an appointment. The first time a loss adjuster came to their house was in June 2022. They did not know he was coming. He accompanied the surveyor sent by Soteria because of concerns about the kitchen.

Mr and Mrs M said they hadn't wanted to wait for the summer for the work to be done. Their contractor had suggested to Soteria that as no alternative accommodation had been found, they go away for six weeks in the summer. Mrs M could only go away in the school summer holidays because of her occupation. They said they weren't planning to go on holiday anyway. They were only ever offered one property and the complaint handler agreed this wasn't suitable. They weren't offered any cash settlement until June 2022.

Mr and Mrs M commented that they were no longer asked to deal with Soteria's loss adjuster from September 2022 onwards. But he continued to make calls to their contractor. He had also phoned their kitchen supplier in June 2022 but had refused to call him when he was at Mr and Mrs M's house. They felt he wasn't transparent.

Mr and Mrs M said the representative of Soteria who dealt with their complaint had told them she would offer to pay 50% of the undamaged units as a goodwill gesture. They said it was possible there was still a recording of the call and gave the date and time of it.

Mr and Mrs M said they were facing an emergency in January 2021. The local plumber hadn't been able to help and had recommended the contractor who ended up doing the work. They said Soteria had never provided them with a list of contractors. If this had happened at the start, they would have been happy to accept one of them. They didn't make a decision about private work until the enormity of what was necessary was explained by Soteria's surveyor. They said there was no excessive delay in the contractor sending the estimate of work.

Mr and Mrs M commented that they were concerned about the 8% calculation being left in the hands of Soteria. They were also disappointed with the compensation as they'd had three years of stress and delay.

Mrs M sent me links to a newspaper article about the danger of black mould in homes and an article about a consumer who had experienced difficulty dealing with Soteria's agent when making a claim. She said that she and Mr M were exhausted. They were worn down by the interminable way the situation had been handled with constant counter attacks rather than concessions and consideration.

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 appreciate this has been a lengthy claim and protracted dispute. Both parties have strong feelings about what they consider to be a fair outcome. I've also been given different versions of events on a number of aspects of the complaint. So, I've needed to make my decision on what I believe is most likely to have happened, based on the information I have. Mr and Mrs M have made a number of points regarding what they consider to be inaccuracies in my provisional decision. I'll only comment on points they and Soteria have made that I believe to be relevant to the outcome of the complaint.

Alternative accommodation

The terms of the policy only require Soteria to cover the reasonable additional costs of accommodation while the property was uninhabitable. Soteria wasn't required to find alternative accommodation for Mr and Mrs M. Although, I don't know if Soteria clearly explained this to Mr and Mrs M at the time.

Soteria's records suggest it discussed more than one property with Mr and Mrs M. But even if this wasn't the case, it doesn't appear that Mr and Mrs M were able to find a property that suited their needs either.

Mr and Mrs M's recollection of certain events differs to what is showing in Soteria's notes. It's understandable that they might not remember everything that happened, given the length of time that's passed. Mrs M has mentioned that Mr M can sometimes be forgetful because of issues with his mental health. I think Soteria's notes are more likely to accurately reflect what was discussed, given that they are contemporaneous and fairly detailed.

Soteria's notes from January 2021 say that Mr M said he'd cancelled repairs because there was no alternative accommodation available, plus it would be better for repairs to be carried out in drier conditions and a longer daylight period might mean workers could work for longer periods of the day. It's noted that Mr M said he and his wife tended to go away to an overseas destination in August pre-Covid and he would enquire with a letting agent about costs of accommodation, but there were also the costs of car hire and flights. It was left with Mr M to enquire about the cost of the holiday so he could consider Soteria's alternative accommodation offer of £6,000.

Regardless of whether or not Mr and Mrs M were planning to go on their overseas holiday anyway, I think Soteria's cash settlement was generous. Not only did it cover their costs of accommodation for the six weeks they were away, it was enough to pay for other expenses such as flights (of almost £5,000) and car hire (of over £5,000).

Mr and Mrs M have commented that a 12-month lease would have exceeded £21,000. However, they didn't incur the cost of a 12-month lease. They were able to enjoy a six week holiday overseas with the money Soteria paid them.

Taking away Mr and Mrs M's reasonable costs of accommodation, I think the amount Soteria paid them was sufficient to recognise the impact of any poor communication or delay it might have been responsible for.

Utility room units

In their response to my provisional decision Mr and Mrs M said they thought Soteria should cover the cost of replacement units in their utility room. From what I can see, it was necessary for units to be removed in order for the tiling to be laid. Mr and Mrs M say the existing units disintegrated when they were removed.

I acknowledge that Mr and Mrs M's kitchen supplier recommended the units be replaced. However, Soteria says it wasn't given the opportunity to investigate this further, and replacement units might not have been required.

I appreciate this will be disappointing for Mr and Mrs M, but I'm not persuaded that Soteria should have to cover the cost of the replacement units in the utility room. These don't appear to have been damaged by the escape of water event and I haven't seen sufficient evidence to persuade me that it was necessary to replace them.

Undamaged units

In my provisional decision I said I accepted what Mr and Mrs M said about being led to believe that Soteria would pay 50% of the costs of undamaged units, so I don't think it's necessary for me to listen to a recording of the call.

However, as I explained in my provisional decision, the terms of the policy don't require Soteria to cover these costs. So, I'm not persuaded that it should.

I appreciate it was disappointing for Mr and Mrs M to be told that Soteria wasn't willing to contribute 50% towards the undamaged units when they believed it would. However, I've considered the impact of this in my award for distress and inconvenience.

Tiling costs

Soteria says it doesn't believe it should have to cover tiling costs of £1,440 that Mr and Mrs M have provided an invoice for. It's referred to an email from its loss adjuster which says:

"(Mr and Mrs M's contractor) advised that he completed the cloakroom fit out and then Mr (M) didn't like it and uplifted it and did it again. Sounds like (the contractor) have charged for tiling in the cloakroom within their figures of £36k, but then PH has got someone else in to tile again. This might be the £1,440 referred to in the documents. I need to look into this a bit more to clarify."

Mr and Mrs M say Soteria's loss adjuster misinterpreted what had been said. They say the tiler their contractor had hired hadn't completed tiling in the downstairs cloakroom, other than the floor. Their contractor didn't have another tiler, so Mr M engaged a different tiler to complete the work.

I don't think the email from Soteria's loss adjuster is strong enough to show that what Mr and Mrs M have said is inaccurate. In the email he said he would investigate further but there's nothing to show the outcome of any further investigation he might have done.

On balance, I'm not persuaded that the invoice for £1,440 was for work that was being redone. So, I think it would be fair for Soteria to include this in the settlement of the claim.

Drying costs (heat pads)

In response to my provisional decision, Soteria said drying costs of £2,138.70 were included in Mr and Mrs M's contractors invoice, so they had already been accounted for in its settlement offer.

After I queried this, Mrs M told me she and Mr M had paid for the drying works as part of their contractor's overall invoice, rather than paying the drying company directly. She said being sent a cheque for the above amount from Soteria had confused them and made them think they'd already made a separate payment. They'd thought this was still owed to them. However, they'd checked this with their contractors after looking through Mr M's bank and credit card statements to see if they could find the payment.

As Mr and Mrs M have confirmed that the £2,138.70 for drying works had already been accounted for in their contractor's invoice, I've removed this from the settlement amount. This has reduced the amount Soteria needs to pay to settle the claim to £52,971.15.

Distress and inconvenience

Mr and Mrs M feel compensation of £300 is insufficient for three years of stress and delay. Soteria says it doesn't think it should have to pay any compensation.

I understand that Mr and Mrs M have found their claim experience to be stressful. However, the work was being carried out by their own contractor who was also completing private works for them. The policy only covered Mr and Mrs M for damage as a result of the insured incident. I think it was reasonable for Soteria to validate costs before agreeing to settle them.

As explained, Soteria's settlement offer was based on Mr and Mrs M's contractor's costs, even though it was only required to pay the amount it would have paid if it had used its own approved supplier.

I've explained why I think the amount Soteria paid Mr and Mrs M for alternative accommodation was also enough to recognise any miscommunication regarding this, as well as any delay it might have been responsible for.

However, I do think some of Soteria's communication with Mr and Mrs M outside of this could have been better. For example, its communication regarding a contribution towards the replacement of undamaged items. I think £300 to recognise the impact of this on Mr and Mrs M is reasonable.

Interest award

Soteria doesn't agree it should have to pay any interest on the settlement. It says delays were caused by Mr and Mrs M not providing requested evidence and them having private works done.

I've explained why I think it would be fair for Soteria to pay interest on the settlement from the dates Mr and Mrs M can evidence they paid their contractors and suppliers. Soteria's comments haven't changed my opinion on this.

Putting things right

Soteria should pay Mr and Mrs M:

- A total of £52,971.15 to settle the claim and
- Add interest to the above at 8% simple per year* from the dates Mr and Mrs M paid their contractors / suppliers to the date the settlement is made plus
- £300 for distress and inconvenience.

*If Soteria considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr and Mrs M how much it's taken off. It should also give Mr and Mrs M a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons I've explained, I uphold Mr and Mrs M's complaint and direct Soteria Insurance 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 M and Mrs M to accept or reject my decision before 12 December 2023.

Anne Muscroft
Ombudsman

