

The complaint

Mr and Mrs J complain about Accredited Insurance (Europe) Ltd's (Accredited) handling of their claim for damage caused by an escape of water, under their home buildings insurance policy.

Mr and Mrs J are represented by their daughter Ms L in their complaint.

What happened

Mr and Mrs J were out of the country when a neighbour noticed an escape of water at their property on 17 December 2022. A claim was raised with Accredited prior to their return on 3 January 2023. Ms L says progress of the claim was slow. Her mother accepted a settlement payment, but this didn't cover the cost of the repairs.

Ms L says Accredited hasn't contributed toward the cost of supporting her parents. This involved Ms L's daughter vacating her room for Mr and Mrs J to sleep in. She's experienced long waiting times on the phone, and staff have spoken to her rudely. In addition, Ms L says no settlement payment has been provided for the contents damaged by the escape of water. She wants Accredited to pay compensation for the stress and delays experienced.

In its final complaint response letter dated 15 May 2023, Accredited says the damage was assessed and a scope of works was produced. The property was declared dry on 11 January 2023. It says another inspection was required due to further damage that was identified. A settlement offer was then made based on the scope of works. This was £12,362.42 less the policy excess.

Accredited says there was confusion as to whether alternative accommodation was required. Due to this confusion, and the problems it caused, £300 was paid to Mr and Mrs J, which they accepted. Accredited says its settlement offer was paid in line with Mr and Mrs J's policy terms and they have been compensated for any distress and inconvenience caused. It says they have another complaint about their claim, which it is looking into.

Ms L contacted our service and asked us to look into the matter. Our investigator upheld Mr and Mrs J's complaint in part. She didn't think Accredited had caused any unavoidable delays. She says its settlement payment was provided in line with its policy terms. But she says Accredited should consider paying a disruption allowance for the duration Mr and Mrs J had to stay with their daughter.

Mr and Mrs J didn't accept our investigator's findings, neither did Accredited. Both parties asked for the matter to be considered by an ombudsman. It has been passed to me to decide.

I issued a provisional decision in October 2023 explaining that I was intending to partially uphold Mr and Mrs J'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.

Having done so my intention is to uphold Mr and Mrs J's complaint in part. Let me explain.

A plumber was called to stop the leak at Mr and Mrs J's home, which was caused by frozen pipes. Unfortunately, as the pipes burst in the attic this caused damage throughout their home. A surveyor visited Mr and Mrs J's property on 28 December 2022 to assess the damage. I can that the installation of 'drying kit' was requested by the surveyor.

I've seen a further report dated 5 January 2023 relating to another surveyor's visit. This says a plumber had carried out repairs to the affected pipework and that, "reinstatement of the mains electrics was awaited". The report also refers to asbestos testing, and says the results are pending. The surveyor summarised the damage as below:

"Bedroom No 1 displayed decorative damage consistent with the reported peril, evident by damp staining and deflection to the texture finished ceiling, while the interlocking joints to the MDF 'woodgrain' effect laminate flooring were visibly swollen. The adjacent bedroom, No 2, displayed partial collapse to the texture finished ceiling, while part removal of the laminate flooring was also noted. Swelling/extension to the laminate flooring within entrance hallway was also noted, which extended further into the lounge. The kitchen was partially compromised by expansion the base unit veneered end panels and plinths, while damp staining to the flat emulsion painted walls at low level was evident. Part removal of the vinyl [sic] sheet flooring within the utility room and bathroom had also been undertaken."

The surveyor caveats his report to say a further visit will be required to validate all necessary repairs, when the property is dry.

From a report dated 11 January 2023 an assessor deemed the property was now 'dry'. Albeit with the caveat that some areas have elevated readings but, "will dry naturally".

A further survey was completed on 27 January 2023. In the report the surveyor says:

"Additional works have been incorporated into the scope, which transpired following our initial visit, while further testing of Bedroom 1, Bedroom 3 and the Entrance Hallway ceiling for possible asbestos has been requested via Trinity Tech. Removal of the laminate flooring within the 3 no Bedrooms and Lounge revealed the presence of vinyl floor tiles, which in part were de-bonded, and a request for additional testing for potential asbestos content has also been made. The policyholders are currently residing with daughter, and we understand an allowance for A/A is currently in place, while the policyholders expressed frustration at the slow progress of the claim to-date."

I've carefully considered these reports. From what I've read Accredited assessed the damage, arranged for the property to be dried out and produced a scope of works based on the damage its surveyor identified. This is what we'd expect to happen in these circumstances.

I've read Mr and Mrs J's policy terms to understand what it says about settling a claim. The terms say:

"Settling claims under building covers

How much we will pay

For loss or damage to the buildings, we will pay up to the full cost of rebuilding, as long as

the buildings are regularly maintained, in a good state of repair and that are insured for the full cost of rebuilding

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."*

And:

"If we cannot offer rebuilding work, repairs or replacements (as defined by us) through our preferred contractor we will pay you:

- a) fair and reasonable costs to have the work carried out by your chosen supplier."*

From the claim records Mr and Mrs J wanted to appoint their own builder to carry out the repairs. I've listened to a call Ms L had with Accredited's claim handler. During this call it was explained that when the final scope of works was known, it would offer a settlement payment of for its contractors to complete the repairs.

Based on this evidence I don't think Accredited treated Mr and Mrs J unfairly when offering the settlement payment, it did. It assessed the repairs based on the scope of works its surveyor had produced, and provided a payment based on its assessment of the work required.

That said I don't think Accredited's agent handled the call I've listened to with Ms L very well. Ms L was frustrated at the lack of information that was provided to her and her parents about the claim. This was after waiting 26 minutes for the call to be connected. The agent answered some queries, but towards the end of the call he sounded disinterested. I think the agent could've been more engaged and willing to try and help Ms L. This supports what she says about being spoken to rudely and waiting a long time for calls to connect.

I've thought about Ms L's concerns that she received no contribution from Accredited toward the cost of the support she provided when accommodating her parents. This was for the full period whilst their home was uninhabitable due to the escape of water.

I can see that Mr and Mrs J's policy provides for alternative accommodation if their home becomes uninhabitable. The terms say:

"Alternative accommodation

We will pay up to £100,000 for:

- a. the reasonable and necessary costs for alternative accommodation for your and your family; and*
- b. any rent which you may have to pay;*

if you cannot stay in your home because your home has become unfit for living in following loss or damage that is insured by this section.

How much we will pay for alternative accommodation will depend on your family's needs and you must agree the costs with us before you pay."

I've looked through the claim records and evidence supplied by Ms L to understand what was discussed around alternative accommodation (AA).

A claim note from 6 January 2023 says the surveyor told Accredited that AA would be required. But Mrs J had advised they were staying with Ms L. The note says the handler is to decide on what to do. A note dated 19 January was made following a contact from Ms L. She told Accredited about the difficulties with the current living arrangements, with her parents using her daughter's room. The records show that a disturbance allowance was authorised. A payment of £300 was offered at this point.

Ms L was asked to research suitable properties for her parents AA needs. I can see from her timeline of events that she uploaded this information to Accredited's online portal. This is reflected in the claim notes on 25 January 2023. A claim record five days later says the AA options were now out of date, and Ms L should provide updated options. The records say Ms L was to look into this.

Ms L called Accredited on 3 February 2023. She was asked about AA and told the agent Mrs J was, "very distressed about the whole thing and could not discuss presently". Ms L noted that the agent told her he will call when he has news.

I can't see any further reference to AA in the claim records. Our investigator asked Accredited if there was any further discussion with either Ms L or Mr and Mrs J about this. It responded to say the issue of AA was left with Ms L after its agent's phone call with her on 3 February 2023. It says the agent didn't want to pressure Mrs J given that she was already upset at the mention of AA.

Having thought carefully about this point, I think Accredited's agent could've done more to assist Mr and Mrs J with consideration of suitable AA. It acknowledges there was confusion in the initial notes its surveyor made. This indicated AA wasn't required, when in fact it was. I think it's fair that Accredited offered £300 compensation for the confusion around this point. But the records show it was Ms L who had to push for AA to be considered.

The difficulty the living arrangements were causing were highlighted several times. Ms L uploaded information to the portal about suitable AA. From her notes, she was told the portal didn't work. Mrs J was upset when Accredited's agent mentioned AA during the call on 3 February 2023. But I think a more pro-active and supportive approach overall, to assessing whether AA was needed, would've been helpful from an early juncture in this claim.

Mr and Mrs J's policy provides for AA. However, I can't see that the terms require payment of a disruption allowance in the event that they are able to stay with a relative. So, I don't agree with our investigator that Accredited is required to pay a disruption payment for the time Mr and Mrs J were staying with their daughter. I do, however, acknowledge that the situation could've been handled better by Accredited's agents. I think it's fair that it provides a compensation payment to acknowledge the distress and inconvenience this caused them.

I note Ms L's reference to receiving no payment for the support she provided. I'm not able to consider this. Accredited has a contract with Mr and Mrs J through their insurance policy. Although Ms L has represented them throughout their claim, and complaint, I'm not able to require the business to compensate her directly as she isn't its policyholder.

Having thought about all of this, I don't think Accredited treated Mr and Mrs J fairly in its handling of the AA issue. It should pay a further £300 for the distress and inconvenience this caused. But I think it treated Mr and Mrs J fairly when assessing the scope of the repairs and offering the settlement payment, it did.

I understand Ms L has a separate complaint regarding her parent's contents insurance cover and how this part of their claim was handled. But this isn't something I can consider here.

I said I was intending to uphold this complaint in part and Accredited should:

- pay Mr and Mrs J £300 compensation 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.

Mr and Mrs J didn't respond with any further comments or information for me to consider, neither did Accredited.

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 neither party has made any further submissions or provided further evidence for me to consider, I see no reason to change my provisional findings.

So, my final decision is the same as my provisional decision and for the same reasons.

My final decision

My final decision is that I uphold this complaint in part. Accredited Insurance (Europe) Ltd should:

- pay Mr and Mrs J £300 compensation for the distress and inconvenience it caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs J to accept or reject my decision before 13 December 2023.

Mike Waldron
Ombudsman