

## **The complaint**

Mr D complains about Accelerant Insurance Europe SA/NV's ("Accelerant") handling of his claim under his home insurance policy. In particular, he complains they incorrectly raised an underinsurance dispute and this leading to the repairs being delayed. He also says they incorrectly claimed that the contractor required Mr D to make an upfront payment before work could start.

## **What happened**

The background to this complaint is well known to the parties, so I won't go into too much detail but will summarise the key points. Following an escape of water, Mr D made a claim to Accelerant who, in turn, appointed a loss adjuster – who I'll refer to as company B. A report was prepared by company B commenting on the cause and damage. There wasn't any dispute about the claim falling within the policy terms and conditions, but an issue was raised by company B about underinsurance. At the point of renewal in May 2022, the buildings sum insured was declared as £572,659 but, as part of their report, company B carried out a 'Value at Risk' assessment and found Mr D's property to be valued at £718,000. So, company B said the property was underinsured by 20.2% and Mr D would be responsible for this as a percentage of the claim costs.

There was then further communication between Mr D and company B where Mr D was querying what date company B's valuation related to and company B explained no repairs would be started until Mr D paid his contribution. Mr D then complained to Accelerant about the underinsurance dispute and the repairs being delayed because of this. He also complained he'd been informed by company B that he needed to pay the contractor upfront before work could start, but he checked with the contractor who said they hadn't requested this.

Accelerant responded and explained company B provided a calculation of the rebuild cost which suggested the declared sum insured for buildings was inadequate. They said they reviewed the report and agreed for company B to proceed with applying a penalty for underinsurance based on the calculation in the report. They said, following Mr D's query about the effective date of company B's calculations, they reviewed the matter again and identified the initial calculation was based on the rebuild cost at the date of loss, as opposed to the inception date - which is incorrect. They said they'd then recalculated the rebuild cost based on the policy inception date which confirmed the property was still underinsured, albeit to a lesser extent. They said, with this in mind, they took the decision to waive any penalty for underinsurance as a gesture of goodwill.

Our investigator looked into things for Mr D. She thought Accelerant had caused delays as a result of their error when carrying out a valuation and also gave Mr D incorrect information about the upfront payment. So, our investigator recommended Accelerant pay Mr D £350 compensation. Accelerant agreed but Mr D disagreed so the matter has come to me for a decision.

## **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 decided to uphold the complaint. And, I think the investigator's recommendation is a fair way to resolve matters. I understand Mr D will be disappointed by this but I'll explain why I have made this decision.

My role requires me to say how a complaint should be settled quickly and with minimal formality and so I'll focus on what I consider to be the crux of the complaint and the main areas of dispute. I think it's important to add, I won't be commenting on every event during the claim and complaint, instead I have taken a broad approach to the overall service provided.

### *Underinsurance*

The information shows an error was made in the initial assessment of the 'Value at Risk' as company B based this on a date almost a year after Mr D's renewal date. A recalculation was done based on the correct date and, although this still produced a valuation higher than the sum insured, it was by a lesser percentage, so Accelerant agreed to waive the underinsurance penalty. So, while there's no issue in relation to the underinsurance going forward, I have considered the impact of the initial error on Mr D.

Company B first raised the underinsurance issue with Mr D in their email of 21 April 2023 and they explained he would need to contribute 20.2% of the claim costs. Mr D emailed the same day and queried this as he hadn't been informed about this. Company B then emailed on 26 April and explained, they'd compared their valuation with the sum insured amount and this showed Mr D's property was 79.8% adequately insured.

Over the next couple of months Mr D continued to ask company B what date they'd used for the valuation, but I can't see they responded to this query. For example, Mr D emailed company B on 24 May and then, having received no response, he chased on 5 June. Company B then responded on 5 June but that was to confirm what rates were used and that the valuation was calculated using a professional tool – but there's no response to Mr D's query about the date the valuation was based on. Mr D then responded the same day and again queried the valuation date used. There's no response to this query so Mr D chased on 15 June – and having received no response Mr D chased again later that same day. Company B then responded the following day and said the rates were correct at the time the valuation was undertaken.

Company B then emailed Mr D on 18 July and explained a tender analysis had been completed and they provided a figure for the reinstatement works and all other associated costs. They said, however, for works to commence, Mr D will need to pay his contribution to the contractor. They referred to their email in April informing Mr D that his property was underinsured. They said Mr D's property is 79.8% adequately insured, therefore he would need to pay 20.2% of the claim costs. They said Mr D was previously invited to submit evidence if he wished to challenge the 'Value at Risk' but to date no challenge had been received.

Company B again said Mr D's contribution would be due before works could commence. Mr D responded the same day and confirmed he hadn't received any invite to challenge the 'Value at Risk'. Mr D also pointed out that the valuation carried out by company B appears to be based on a date almost a year after the renewal date – and explained this would account for the difference in the valuation.

Through the remainder of July, there were a number of email exchanges between Mr D and company B where Mr D continued to raise concerns about the date used by company B for the purpose of the valuation. It's then in early August that Accelerant confirmed the valuation date was incorrect and they decided to waive the underinsurance penalty.

It's clear from the information I've seen, and in particular the emails sent by Mr D to company B, he was becoming increasingly frustrated at not getting a response to his query about the valuation date used. I can't see company B used this as an opportunity to review the position or even refer it to Accelerant sooner. The information shows Accelerant were being copied into the email exchanges, and I can't see they took steps to look into this. I can see in one email from company B to Mr D on 17 July, they confirm the assessment date was March 2023 and the sum insured was set at renewal of May 2022. So, I think there was sufficient information here to have raised a doubt about the accuracy of the valuation carried out. But despite this no review is carried out until Accelerant carried out their investigation into Mr D's complaint.

I can see company B, in their email of 18 July, claimed Mr D had been invited to challenge the 'Value at Risk' but they said he never did. I agree there was communication in April about the underinsurance issue, but I can't see Mr D was ever invited to challenge the valuation or even informed there was a possibility of challenging this. So, I don't agree that, prior to 18 July, an invitation was extended to Mr D to challenge the valuation.

It's also clear there was frustration to Mr D when Accelerant and company B didn't respond to his emails and then inconvenience caused to him in having to chase. For example, in relation to the underinsurance issue and Mr D's query about the valuation date used, Mr D sends an email on 24 May, and then has to chase for a response on 5 June and twice on 15 June. I can't see Accelerant or company B respond to the specific query raised by Mr D until 19 July.

I've also considered the impact on Mr D of being asked to pay an amount in the region of £30,000 as his contribution towards the claim costs. I acknowledge Mr D didn't end up paying this because the underinsurance penalty was later waived, but the fact remains Mr D was asked to pay this amount based on an incorrect assessment. The information shows Mr D was worried about this payment as he asks company B whether Accelerant are prepared to pay this in the interim given their greater capital. This is declined by company B. It's also not clear from the information why Mr D would have to pay his full contribution before the contractor starts the work, rather than paying 20.2% of any initial deposit that needed to be paid. So, taking all these factors into account, I think Mr D was caused worry, frustration and inconvenience.

#### *Delay in claim repairs*

The information shows company B explained to Mr D that the claim couldn't progress until the underinsurance issue was resolved. For example, on 20 July company B say they're awaiting further instructions from Accelerant and no further action will be taken until the issue is resolved. I can see Mr D does put forward a proposal for the contractor to be appointed and at least a date booked as this will ensure the claim continues to progress and any payments that need to be made by way of underinsurance contributions can be resolved later after Accelerant had looked into the complaint.

I can see company B continued to decline Mr D's request for a date to be booked in and they maintained this wouldn't be done until the underinsurance issue was resolved.

There's no dispute the claim circumstances were covered under the policy, so it was always going to be the case that Accelerant were going to arrange the repairs under the policy. It's not clear therefore why the underinsurance dispute prevented company B from even

arranging a proposed start date for the repairs to be carried out. I think Accelerant have acted unreasonably here, so I've thought about what impact this had on the claim overall during this period.

The underinsurance issue was first raised in April and company B then set out in July the contribution Mr D would need to make towards the claim costs. Thereafter, and while Mr D was exchanging emails with company B about progressing the claim and company B were maintaining their position that no action could be taken until the underinsurance issue was resolved, I can't see that the repair work could've started until late July in any event. I say this because the information shows the drying out works completed towards the end of July.

So, even if a contractor had been appointed, they wouldn't have been able to start any reinstatement work until the end of July. The information shows arrangements were then made to appoint and book in a contractor following Accelerant's complaint response, and the reinstatement work commenced at the start of September. So, I think there was a period of delay caused by Accelerant here. I say this because, as I've mentioned above, I don't think the underinsurance dispute should've prevented Accelerant from appointing a contractor and booking in a date. And that being the case, I think a date for reinstatement works could've been arranged sooner than the four weeks it took between the drying out works completing and the reinstatement work starting. So, there has been worry and frustration caused to Mr D as a result of this delay.

*Request for upfront payment to be made to the contractor*

I can see Mr D is concerned he was asked to make an upfront payment – reflecting his contribution towards the claim costs – to the contractor before any work would commence. Mr D says he spoke directly to the contractor who confirmed he'd never made a request for Mr D to make an upfront payment.

The information shows company B emailed Mr D on 18 July and said, before the repair work starts, he will need to pay his contribution to the contractor. Mr D queries whether the contractor can at least be booked in while the underinsurance issue is being resolved. Company B respond and say, given the amount that will be due to the contractor as a deposit for the materials, which at this stage it appears Mr D will be liable to pay, they don't see that the work can proceed at this point.

Mr D responds and queries whether it's correct that the reason the contractor can't be engaged yet is because they want a 20% deposit payment upfront, and Accelerant are expecting him to pay this. Company B respond and explain the contractor hasn't yet been awarded the contract but will request a deposit for materials, the value of which isn't yet known, Company B say they can't instruct the contractor to proceed without confirmation of who is funding the 20% payment.

Having considered the information in the matter, I can't see any evidence of the contractor insisting on any upfront payment – or for this to be met by Mr D. So, I'm persuaded by Mr D's testimony that he checked with the contractor, and they informed him that no such request was made by them. So, I'm persuaded Mr D was given inaccurate information here.

So, taking into account all errors I've identified in the complaint, I think there has been considerable worry and frustration caused to Mr D. And I think there has also been significant inconvenience to Mr D. So, taking into account the full impact on Mr D, I think £350 compensation is fair and reasonable in the circumstances.

I can see Mr D refers to more recent events involving a payment to the kitchen supplier and a lack of response from Accelerant and company B. I understand Mr D is very concerned

about further delays, and I would remind Accelerant of their duty to handle claims promptly and fairly and to provide appropriate information on the progress of a claim. If however Mr D does wish to take forward any further complaints which have arisen following the complaint response in August 2023, then he will need to raise these with Accelerant first to allow them an opportunity to investigate these before our service is able to look into them.

I wish to reassure Mr D I've read and considered everything he has 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.

### **Putting things right**

I've taken the view that Accelerant have made errors in their handling of Mr D's claim. So, Accelerant should pay Mr D £350 compensation for the worry, frustration and inconvenience caused.

### **My final decision**

My final decision is that I uphold the complaint. Accelerant Insurance Europe SA/NV must take the steps in accordance with what I've said under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 15 April 2024.

Paviter Dhaddy  
**Ombudsman**