

## **The complaint**

Mrs B is unhappy with Fairmead Insurance Limited's (Fairmead) handling of a claim made under her residential property owners insurance policy.

Fairmead is the lead insurer of Mrs B's policy, so I'll refer to them throughout. Where I refer to Fairmead, this also includes any actions or communication by any agents appointed to act on their behalf.

## **What happened**

Mrs B owns a property which was let to tenants. Following the tenants leaving the property, it was subject to vandalism/malicious damage in December 2022. Mrs B made a claim to Fairmead, her residential property owners insurance policy provider.

Mrs B was unhappy with Fairmead's handling of her claim. So, Mrs B brought a complaint to this service which was partially upheld by one of our investigators.

As an agreement couldn't be reached, the case was passed to me to decide.

## **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.

Firstly, I'll explain that I don't intend on commenting on every event or communication that occurred. I don't mean this as a discourtesy to either party, instead it reflects the informal nature of this service and my role within it. Instead, I'll focus on the points I consider key in reaching a final decision which is fair and reasonable in all the circumstances. I'll also summarise what our investigator initially thought, and what he later thought was fair and reasonable.

Having said that, I'd like to reassure both parties that I've considered all the information they've provided when reaching my final decision on what I think is fair and reasonable in all the circumstances of the case.

A number of issues were raised by Mrs B about Fairmead's actions and claim handling. One of our investigators looked into things. In summary, he initially said:

- Fairmead hadn't effectively completed the witness statement, and this caused unnecessary delays.
- The loss adjuster had contacted Mrs B, despite the breakdown in communication and there was a failed appointment.
- Whilst Mrs B stayed at the insured property for a short period of time, there was no cover under the policy for alternative accommodation for Mrs B.
- It's not unusual for insurers to appoint and delegate handling of claims to agents to act on their behalf. But in any event, Fairmead would be responsible for the actions of their agents.
- An allegation of racism was made against Mrs B, but he wasn't able to make a finding on this. And in any event, Mrs B claimed defamation, and that would be an issue for the courts to consider.
- There were delays caused by Fairmead in the claim, but he didn't agree with Mrs B that Fairmead should have, or was required to, reach a claim decision within 24-48 hours.
- He said he thought Fairmead could have reached the settlement around a month sooner, so he said Fairmead had caused Mrs B to unnecessarily incur one month of costs for the property.
- The schedule of works noted the incorrect type of flooring at Mrs B's property, and this discrepancy hadn't been sufficiently explained to Mrs B.
- He said that Fairmead was willing to send a contractor to visit and review the concerns Mrs B had about the schedule of works in order to reconsider the cash settlement amount. He said this was fair, or as an alternative, Fairmead should allow Mrs B to provide quotes for Fairmead to review.
- Fairmead hadn't yet paid Mrs B for some other costs she submitted, which included locksmith and tyre removal charges.

The investigator upheld the complaint in part and recommended Fairmead:

- Pay Mrs B one month of costs incurred for the insured property (mortgage payments) with 8% simple interest added.
- Pay the invoices Mrs B had provided with 8% simple interest added.
- Either arrange to visit Mrs B's property to review the concerns Mrs B had with the schedule of works or agree for Mrs B to provide her own quotes for repairs.

Neither party agreed with the investigator's initial view or recommendations, and both provided comments and information in response to his assessment.

In summary, Mrs B said:

- The cash settlement wasn't made until March 2023 and wasn't explained.
- Fairmead hadn't explained the discrepancy on the schedule of works relating to the flooring.
- Fairmead should pay utility costs at the property until she was able to get in and switch them off.
- Fairmead should have made a claim decision within 24-48 hours.
- Fairmead should have used their own contractors.

In summary, Fairmead said:

- They had tried to move things forward but there were instances where Mrs B made this difficult.
- It wasn't correct that they were willing to reattend, instead they had already cash settled the claim, and the costs the investigator mentioned were already included in this.

Following this, the investigator revisited matters. His view on the complaint, and what Fairmead needed to do to put things right, changed.

In summary, he concluded:

- The discrepancy over the flooring hadn't been explained sufficiently by Fairmead, but he also gave an explanation of why this was, and he was satisfied the flooring had been fairly considered in the scope of works.
- It wasn't fair for Mrs B to have been accused of racism, this was poor service and would have caused Mrs B distress.
- He summarised a number of calls Mrs B had with Fairmead and how they weren't productive in moving things forward.
- Mrs B didn't have reasonable expectations that Fairmead would reach a claim decision in 24-48 hours, and Fairmead hadn't acted unreasonably in needing to validate the claim.
- Fairmead hadn't handled the witness statement interview as well as it could have, and Fairmead had noted this internally too. So, he thought this had caused some delays.
- He now didn't think Fairmead's contractor had failed to attend in a timely manner.
- The cash settlement had actually already included the locksmith, tyre removal and key safe costs, so this didn't need to be considered or added.

Having revisited matters, the investigator now didn't think that Fairmead had caused a month of delays, so he no longer thought they needed to reimburse the mortgage payments. He thought there were things that could have been handled better by Fairmead. But he also said Mrs B didn't have reasonable expectations that a claim decision would be made in 24-48 hours, and she was very unhappy during the telephone conversations with Fairmead when this expectation wasn't met, and this impacted on the claim progression.

However, the investigator said there was still some evidence of points of poor claim handling and service, so he recommended Fairmead should pay Mrs B £250 compensation (instead of the £100 compensation they'd already offered).

Fairmead initially didn't agree but then later accepted. Mrs B didn't agree.

I'll focus on (and summarise) what I consider are the key points when reaching my final decision.

#### The time taken and delays

Our investigator provided detailed summaries of the calls he listened to. I won't summarise those again, as both parties are already aware of what happened during the calls, as they were both party to them. But in short, I agree with what our investigator concluded.

I'm satisfied that Fairmead reasonably attempted to move things forward, but Mrs B was very frustrated during the calls that things were taking longer than she expected and some of the calls weren't productive. Mrs B was expecting to have a claim decision within 24-48 hours and was unhappy that this didn't happen in each of the subsequent conversations she had with Fairmead.

Mrs B says that the rules set by the regulator require a claim decision within 24-48 hours. But Mrs B hasn't outlined which rule(s) specifically she thinks require this. I'd expect an insurer to handle a claim promptly and fairly, but a claim will need to be validated and this will always take some time. But I don't think Fairmead acted unfairly by taking longer than 24-48 hours to do so. Whilst many of the calls weren't productive, I do think Fairmead were trying to move things forward.

Mrs B was also unhappy Fairmead were using third parties to handle things on their behalf. However, this isn't unusual across the insurance industry, and I don't think Fairmead acted unreasonably by doing so. But Fairmead already accept that their original loss adjuster shouldn't have contacted Mrs B after she'd complained about them, and they offered £100 compensation for this.

However, whilst I think Fairmead were trying to move things forward, like our investigator, I share the view that the witness statement could have been completed more effectively. The witness statement took over two hours, in which communication between Mrs B and the interviewer was positive. But despite the time taken, and positivity of the conversation, it doesn't appear some of the key information which Fairmead needed to know was actually asked by the interviewer. This is recognised by Fairmead in their internal notes that the witness statement didn't add much value in being able to move things forward.

Having reviewed everything that happened, I don't think Fairmead is solely responsible for the time the claim took. So, I won't be directing them to pay Mrs B's mortgage costs. But there were some elements of poor claim handling and service, so I'll be directing Fairmead to increase the compensation from the £100 they already offered to £250, as I think that's fair and reasonable in the circumstances.

#### Schedule of works and the settlement amount

Mrs B was unhappy with the schedule of works that was completed by Fairmead. The main issue with this seems to be the reference to 'parquet flooring' requiring disposal and replacement. But Mrs B's property doesn't actually have parquet flooring. So, Mrs B wanted this amended on the schedule of works.

I think this discrepancy could have been clarified by Fairmead much sooner. Whilst it was noted as parquet flooring, this was due to the internal coding on Fairmead's systems being limited. But what this actually translates to, is the cost of preparation, replacement and varnishing of a wood floor, and disposal of the old floor. And this was the most suitable code for Fairmead to record this against. But this wasn't sufficiently explained to Mrs B, which meant she was then concerned about the scope of works accuracy.

Whilst I'm satisfied this accurately reflects replacement of the flooring, how this has been recorded and why, could have been clarified to Mrs B much sooner to alleviate those concerns.

Mrs B also wouldn't allow another contractor to visit to consider the issues she raised with the schedule of works, so Fairmead cash settled the claim by paying Mrs B £3,719.86 in March 2023. And this also included costs of the locksmith, tyre removal and the key safe, despite invoices not being provided. Given Mrs B wouldn't allow any further visits, I don't think Fairmead acted unfairly by cash settling the claim based on the scope of works.

Mrs B has said that the flooring can't be removed. However, no evidence has been provided by Mrs B in support of that. So, I can't reasonably conclude that Fairmead has acted unfairly here. But if Mrs B has any evidence which supports this (or that any of the item's cash settled isn't sufficient) she should contact Fairmead with evidence to discuss this. But based on what I've seen, I think the cash settlement paid by Fairmead in March is reasonable, so I'm not going to direct them to do anything further at this stage.

#### Allegation of racism

Mrs B says the loss adjuster who visited her made an allegation of racism against her based on a comment Mrs B had made. This seems to stem from a call in which Mrs B was struggling to understand what the agent was saying. Mrs B has pointed out that she had no knowledge of the ethnicity of the call handler, and instead was struggling to understand what they were saying.

However, an allegation of racism is a very significant allegation. And like our investigator, I can see why Mrs B would be unhappy with this allegation being made against her.

#### Utility costs

Mrs B says Fairmead should cover the costs of utilities until she could gain access to her property. However, from what I've seen, the policy doesn't provide cover for this. Instead, Mrs B's claim is for malicious damage/vandalism, but I can't see that the policy extends to cover consequential utility costs.

#### Summary

Overall, I don't think Fairmead was solely responsible for the time the claim took to reach settlement, and I do think Fairmead actively tried to move things forward. But I also do think there were some elements of poor service too.

Whilst I'm not going to direct Fairmead to pay Mrs B's costs including mortgage payments, I will, like our investigator, be directing them to increase the total compensation from £100 to £250. I'm satisfied this is a fair and reasonable outcome in all the circumstances of the case.

### **My final decision**

It's my final decision that I uphold this complaint in part and direct Fairmead Insurance Limited to:

- Pay Mrs B a total of £250 compensation (including the £100 already offered).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 20 December 2023.

Callum Milne  
**Ombudsman**