

The complaint

Ms H complains U K Insurance's (trading as Churchill) management of her subsidence claim has caused significant delay, distress and inconvenience.

UKI's used agents for the management of the claim. For simplicity I've generally, but not always, referred to the agents' actions as being UKI's own. For the same reason I've referred to Ms H's representative's actions and comments as being her own.

What happened

There's a long and detailed background to this complaint. It's well known to Ms H and UKI. Our Investigator, in her assessment of the complaint, set out a detailed and helpful account of events. So haven't repeated it here. Instead I've set out a summary. However, I would like to reassure Ms H and UKI that I'm aware of the full history of the claim.

In 2016 Ms H made a subsidence claim against her UKI home insurance policy. She had noticed cracking to her property. UKI appointed X to manage the claim. It was accepted there was subsidence. Mitigation works and monitoring were deemed necessary before repairs could take place.

By the summer of 2022 the claim was still ongoing. Ms H was frustrated that repairs hadn't begun. She complained to UKI. She raised several concerns. These included a failure to investigate dampness in her property, undertake adequate stability monitoring and borehole sampling not having been performed in adequate locations. She requested UKI pay her Council Tax bill for the duration of the claim, cover the cost of delayed installation of kitchen and bathroom suites and for repairs to be completed by the end of the year.

In October 2022 UKI issued a complaint final response. It included its position on various issues including the following. It didn't agree to pay anything in regard to the kitchen and bathroom items. It said X would continue to manage the claim, despite Ms H's concerns. UKI accepted there had been various failures in how the claim had been managed. It sent Ms H a cheque for £2,500 as compensation.

In early 2023 X was removed from the claim. A different supplier, S, was appointed by UKI to review it and take it forward. Ms H wasn't satisfied. So in February 2022 she referred her complaint to this service. She raised a range of complaint points and asked for steps to be taken to put things right – including the following. She said UKI had dismissed or ignored her engineer and damp reports. She also said she would also like UKI to consider if damp in her property has been caused by the subsidence. She asked for this service to consider if the compensation awarded was enough.

In June 2023 our Investigator told UKI it should consider increasing the compensation it had awarded. She felt £2,500 wasn't enough to recognise the impact of significant errors, and avoidable delays on Ms H.

UKI responded to explain it had recently considered additional complaint points from Ms H. It provided a copy of a July 2023 complaint final response. That awarded her an additional

£5,000 compensation. It set out UKI's position on various matters including the following. UKI accepted X had handled the claim incorrectly. But it didn't accept there had been any avoidable delay since S had taken on responsibility. It felt the claim was now progressing in the way it would expect.

UKI accepted it had failed to act on a damp report provided by Ms H. But felt this hadn't had a detrimental impact on the claim. It explained it couldn't provide a timeframe for repairs due to various unknowns – including the extent of stabilisation works and time for the property to settle. It said S would keep Ms H updated. However, she wasn't satisfied. She asked for a timeline for completion of works be set. She also asked that UKI cover a loss of rental income.

Our Investigator considered events up until July 2023 – the date of the last final response. Her assessment made several findings - including the following. She said X had failed to manage and investigate the claim properly. She felt the claim had been progressed much more effectively since S had taken control of it. She felt UKI was now acting fairly by covering the dampness as subsidence related.

The Investigator accepted UKI had handled the claim poorly, causing significant delay and unnecessary distress and inconvenience to Ms H. However, she was satisfied £7,500 already paid was fair compensation. She didn't feel it would be fair to ask UKI to cover any increased costs for kitchen and bathroom fitting. Neither did she think it would be reasonable to recommend it reimburse Ms H for loss of rental income.

As Ms H didn't accept that outcome the complaint was referred to me for a final decision. She thinks £10,000 would be a fairer award of compensation. She wasn't satisfied by the Investigator's position on the kitchen, bathroom and loss of rent.

In line with the Investigator I've considered, in this decision, complaint points raised, and events, up to the July 2023 final response - plus the loss of rent request. I haven't looked at how the claim has been managed beyond that point. For reasons of practicality when considering complaints about ongoing claims we must draw a line somewhere.

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 this is an informal service I'm not going to respond here to every comment or piece of evidence Ms H and UKI have provided. Instead I've focused on what I consider to be key or central. But I would like to reassure both that I have considered everything submitted. In addition I haven't made findings on some concerns where I consider they have been resolved by progress of the claim or UKI's response – including Ms H request for damp in the property to be considered as part of the claim.

Claims of this nature unfortunately often take a long time to resolve – monitoring, investigation, mitigation, monitoring, investigation, repairs and so on. This can often, even if handled perfectly by the insurer, cause the policyholder a great deal of distress and inconvenience. Even claims that are investigated and managed in a reasonable manner can extend well beyond the initially anticipated completion date. That isn't the fault of the insurer. So I've considered how UKI's handling has likely added additional and avoidable delay, distress and inconvenience.

In this case UKI clearly accepts it handled the claim very poorly – it wouldn't have paid £7,500 compensation if it didn't. I agree it managed it badly - with various mistakes and

oversights made during its life so far. However, I'm not going to provide a detailed analysis of what went wrong. I can't see it would be of much benefit to do so. UKI's accepted the claim was poorly managed – and X, as far as I'm aware, is no longer on its panel of suppliers. I will say that central to the issue is X's failure to investigate and address the causes of subsidence adequately. Of more importance is the impact of what went wrong on Ms H - and the steps UKI's taken to put things right.

Eventually X was replaced by S. As I've said I'm only considering events up to July 2023. But I'm pleased to see the claim after that change, up to that date, appears to have progressed more effectively. UKI's also outlined its intentions for the claim – which, without intending to prejudice any future complaint, indicate it recognises its prior poor management.

I accept Ms H feels UKI should have replaced X much earlier. Unfortunately that can't be undone. But I've reflected on its performance as part of my wider consideration of appropriate compensation. That's involved assessing the impact of the poor management of the claim. That unnecessarily extended its life. It caused significant avoidable inconvenience and distress for Ms H and her family.

It's not possible for me to quantify and separate that impact, in a precise way, from what would have been the experience for Ms H had the claim been handled effectively. I accept the impact is significant. But I'm not persuaded UKI's (or X's) mistakes are likely to be solely responsible for a six-year extension, as Ms H feels. Other factors, outside of UKI's control, played their part, including the pandemic and third parties. But I accept UKI's responsible for prolonging the claim, and its impact, for a few years at least.

So I'm satisfied there's been significant additional and avoidable distress and inconvenience. Ms H's provided some very helpful detail about the impact this has had on her and her family. I've considered everything she's outlined and I refer to some of it here.

Ms H reported how the experience has affected health, living conditions, living space and social life of the family over several years. I can see she's been unable to install, and enjoy, a new bathroom and kitchen. I also note she had the inconvenience of appointing her own technical experts, challenging UKI and pursuing progress of the claim. I've also considered Ms H's feelings about its attitude toward her after she complained. I've taken into account her frustration in regard to UKI's failure to appropriately consider her concerns about the condition of drains and damp in the property.

However, I'm satisfied that £7,500 compensation, already paid by UKI, is a fair amount to recognise the significant additional distress and inconvenience caused by its poor handling of the claim.

I've next considered the financial losses Ms H's asked UKI to cover. Having done so, I'm not going to require it to cover the requested rental income - either under the policy or as a consequential loss resulting from its poor handling of the claim.

Ms H says she had intended to let a self-contained flat within her property - once repairs had been completed. But due to UKI's management of the claim, including delay and approach to an asbestos concern, she's been unable to. So she feels UKI should cover her financial loss.

UKI's position is that any loss is too remote and unforeseeable. Having considered the matter, I think that's a fair assessment. There's no history of the flat being let prior to the damage or claim – beyond Ms H making some enquiries to letting agents around December 2016. The flat wasn't let between that point and her moving in herself a few years later.

It's possible UKI's poor claim handling resulted in the flat not being let when it might otherwise have been. But it's also possible other factors may have intervened. As examples the pandemic or a change of plans by Ms H. Ultimately, I can't fairly require UKI to cover a potential loss of rent in these circumstances - a flat that may have been rented out at some point, but hadn't been prior to the claim or during its early stages despite being in a suitable condition.

Neither am I going to require UKI to pay any losses related to the kitchen and bathroom suites. In early 2020 Ms H signed contracts for the provision and installation of both. They haven't been fitted to date. Doing so before the property is stable or repaired risks their damage. Ms H says she has, or will, incur financial penalties as a result. She also says the cost of fitting and parts will have increased by the time they can be installed.

UKI says Mr H chose to enter the contracts despite having concerns the property wasn't stable - and knowing insurance work was still to be undertaken. It adds there's no record of it agreeing at the time, as she claims, to her arranging the work. UKI argues that if the subject had been raised, she would have been advised her to wait until completion of repairs.

In my experience it would have been unusual for UKI to give the green light to such work, at that point, considering the circumstances of the claim. I haven't seen enough to persuade me it most likely did. Its unfortunate Ms H signed the contracts when she did. But I can't fairly find UKI responsible for any penalties or increased costs resulting from her having done so.

In addition, Ms H's asked for UKI to reimburse her council tax payments. She says this would be fair as she hasn't had full enjoyment of her home due to its management of the claim. I'm not going to require UKI to cover any council tax. Ms H hasn't incurred additional costs as far as I'm aware. She would be required to pay the council tax regardless of UKI's management of the claim. I accept it caused her an avoidable loss of use of her home, but I've taken that into account when considering the compensation award.

I'm not going to set a timeline or target for UKI to complete the claim. It wouldn't be appropriate for me to take on such a claim handling role here. However, I'd expect UKI, particularly considering the claim history, to give it appropriate priority and attention. As I've said it appears that its aware of the need to do so. However, if Mr H's unhappy with how matters have progress or been addressed, since July 2023, she could consider making a further complaint.

Finally, Ms H's asked this service to find out why UKI didn't remove X and appoint S earlier that it did. I can see its previously provided her with an explanation. I've summarised its response. It said X was replaced on its panel by an alternative supplier. At the time it appeared Ms H's claim was progressing well. It felt moving it to the new supplier would likely cause delay. So it made a business decision to keep Ms H's claim, and others in similar circumstances, with X. I accept, with hindsight, that decision didn't work out well for Ms H. But the explanation seems reasonable, and I'm satisfied the decision was made in good faith.

Overall I agree that UKI managed the claim poorly and that caused Ms H significant additional distress and inconvenience. I understand this will disappoint her, but I'm satisfied UKI's already paid enough compensation to recognise the impact on Ms H.

My final decision

For the reasons given above, I don't require U K Insurance Limited to pay any additional compensation, cover any financial loss or to do anything differently.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 29 February 2024.

Daniel Martin
Ombudsman