

The complaint

Mr and Mrs P complain about Tesco Underwriting Limited's ("Tesco") delays in handling their subsidence claim. Any reference to Tesco in this final decision includes its respective agents unless specified otherwise.

What happened

The background of this complaint is known in detail to the parties involved so I've summarised what I've found to be the key points.

- In July 2022, Mr and Mrs P made a claim for subsidence on their Tesco home insurance policy after noticing cracks in their conservatory.
- In August 2022, Tesco visited Mr and Mrs P property to carry out a site investigation. It concluded the property was suffering from subsidence because of a leak caused by joint displacements in drainage lines owned by the local water authority (LWA).
- Tesco explained that the LWA would have to fix these joints before repair works to Mr and Mrs P's conservatory could begin, so it would therefore raise this matter with the LWA as a first step. But Mr and Mrs P say they didn't hear back from Tesco after this point, so in December 2022, they complained to Tesco about its lack of updates.
- Tesco responded in January 2023 apologising for its poor service and confirming that it had accepted the claim. It provided Mr and Mrs P with an action plan and scope of works. Tesco said that it expected the mitigation repairs to the drain to be complete by March 2023. It would then begin the repairs to Mr and Mrs P's property with an anticipated start date of July 2023 and an anticipated end date of December 2023.
- In June 2023, and after what Mr and Mrs P say was a further lack of updates and no progress on the claim, they raised a further complaint to Tesco. They were unhappy that promised timescales had not been adhered to and said that Tesco had failed to update them in the process, meaning they continually had to chase it for information.
- At the point of the complaint being raised, repair works still hadn't started and Mr and Mrs P complained that the damage was getting worse which was causing them significant stress and worry about the safety of the conservatory and that the subsidence may progress into further areas of their property. As a resolution they wanted the repair works to start as soon as possible.
- In August 2023, Tesco upheld their complaint. It noted there had been a two-month delay at the beginning of the claim and that it had failed to proactively manage matters resulting in Mr and Mrs P having to continually chase it for updates. It offered £200 compensation for any upset this caused.
- But Tesco said the other delays in the complaint had been out with its control due to delayed responses from the LWA and its disagreement to carrying out any repair works on the affected drainage lines resulting in Tesco having to consider alternative stabilisation methods which increased timescales.
- Mr and Mrs P brought a complaint to this Service. Our Investigator upheld it and said that Tesco should increase its offer of compensation to a total of £500 and progress

Mr and Mrs P's claim in a timely manner. Mr and Mrs P accepted the resolution, but Tesco didn't reply. So the complaint has been passed to me to make a final 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.

Tesco has accepted there were failures in its handling of Mr and Mrs P's claim, resulting in some avoidable delays. And while it offered a level of compensation for this, our Investigator didn't find this took into consideration the full length of the delays and the impact this has had on Mr and Mrs P. And from what I've seen in this case, I agree.

While Tesco acknowledge an initial two-month delay, there does seem to be further delays it hasn't accounted for. I'm satisfied that Tesco has been given ample opportunity to respond to the Investigator's findings regarding the extent of the delays. But as at the time of writing this decision, I haven't seen any reply or further comment from Tesco. So my findings are based on what I think is most likely, given the information that is available in this case.

From what I've seen, Tesco says that the LWA said it wouldn't assist in fixing the drains in January 2023. As a result, Tesco says it had to send the claim to its design team so that alternative stabilisation methods for repair could be considered and put in place. Tesco advised Mr and Mrs P that this process could take up to eight weeks, after which it could progress the claim. But at the time Mr and Mrs P raised their complaint in June 2023, it seems that process was still outstanding, and the claim was no further forward.

ICOBS 8.1.1 says an insurer must handle claims promptly and fairly and provide appropriate information on the claim progress. From what I've seen in this case, I'm not satisfied Tesco has met these obligations. There has been continued delays in this case, some of which were avoidable. And for those that Tesco say were unavoidable, I'm not persuaded that it's provided Mr and Mrs P with sufficient explanation as to why these have occurred and what that most likely means for the progress of their claim.

Mr and Mrs P have continuously had to chase Tesco for updates, and I don't doubt the stress and worry they say this has caused them. I can understand their fears regarding ongoing damage and the effects on the rest of their property, along with the safety aspect, given the fact they have young children in the house. The nature of subsidence claims can inevitably be stressful for the parties involved, but I'm satisfied Tesco's poor communication and the avoidable delays in this case have amplified this for Mr and Mrs P.

With all of that in mind, I don't think that the £200 already offered by Tesco fairly recognises the impact of its failures on Mr and Mrs P in this case. I therefore agree with our Investigator that the compensation amount should be increased to a total of £500. And Tesco should now handle Mr and Mrs P's claim in a fair and timely manner, providing them with appropriate information on the progress of the claim.

My final decision

For the reasons set out above, my final decision is that I uphold this complaint. Tesco Underwriting Ltd must now pay Mr and Mrs P a total of £500 compensation* for the distress and inconvenience caused in this case if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P and Mrs P to accept or reject my decision before 14 March 2024.

*Tesco Underwriting Ltd must pay the compensation within 28 days of the date on which we tell it Mr and Mrs P accept my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Rosie Osuji
Ombudsman