

The complaint

Mr B complains about Highway Insurance Company Limited (“HIC”) and their handling of a claim he made on his home insurance policy, following an escape of water at the end of 2021.

I note the claim was initially set up in both Mr B and his wife’s name. But as Mr B is the sole policyholder, he is the eligible complainant and so, the complaint must be set up in his name only. I note his wife Mrs B, and father-in-law Mr H, have both been involved in the claim and complaint processes. For ease of reference, I will refer to any comments made, or actions taken, by either Mr B, Mrs B or Mr H as “Mr B” throughout the decision.

What happened

The claim and complaint circumstances are well known to all parties and so, I don’t intend to list them chronologically in detail. But to summarise, Mr B held a home insurance policy underwritten by HIC, when an escape of water was discovered at his home in November 2021. So, he made a claim on his insurance policy.

Mr B and his family proceeded to arrange for the initial repair work to be completed themselves, on the advice of HIC. But when they attempted to claim these costs back, HIC initially declined the claim, based on the initial opinion of the approved repairer, and claim validator, who I’ll refer to as “E”. But after discussion, HIC agreed to accept the claim. Further repairs were required, and E were instructed to complete these. But Mr B was unhappy with the quality of these works and the additional damage this caused. HIC agreed to cover the costs required to repair the additional damage but Mr B remained unhappy, so he raised a complaint.

Mr B’s complaint included, and was not limited to, HIC’s initial decision to decline the claim, the delays encountered during the claim process and the poor workmanship of E. So, he wanted to be compensated for the above.

HIC responded to the complaint and upheld it, offering a final compensatory offer of £2,000 to recognise the above and the inconvenience caused to Mr B and his family. Mr B remained unhappy with this offer, so he referred his complaint to us.

Our investigator looked into the complaint and didn’t uphold it. They recognised it had been accepted by HIC that mistakes had been made during the claim process, causing avoidable delays and additional damage. But they thought the £2,000 offered by HIC was a fair one, that fell in line with our service’s approach, to recognise the distress and inconvenience caused to Mr B. So, our investigator didn’t think HIC needed to do anything more.

Mr B didn’t agree, providing several comments explaining why. This included his belief that HIC should be directed to pay more by our service to ensure they recognised the impact their actions had. And Mr B set out why he felt a compensatory amount of over £7,000 was more appropriate, providing a calculation showing how he arrived at that figure. Our investigator considered Mr B’s comments, but their opinion remained unchanged. Mr B continued to disagree and so, the complaint has been passed 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 don't think HIC need to offer anything more than they have already, for broadly the same reasons as the investigator.

Before I explain why I've reached this decision, I think it would be useful for me to explain what I've been able to consider, and how. I note Mr B, through his representatives, has set out why he thinks HIC should be directed to pay more, as he feels this is the only way HIC will take learning from the experiences he's suffered. But crucially, it is not the role of our service to punish a business. We are an independent organisation and so, we must remain fair to both parties. So, any award or direction we do make is intended to recognise the individual circumstances of a complaint, and any impact caused to the customer. And in this situation, the customer is Mr B, as he is the policyholder. So, this is what I've done when reaching my decision.

And while I note Mr B has raised concerns about letters sent to HIC's senior executives not being responded to, I note these letters were sent during the complaint process, reiterating his concerns. So, I do think these letters, and any response or lack of, relates to HIC's complaint handling. And complaint handling is classified as an unregulated activity by the industry regulator. So, our service doesn't have the jurisdiction to consider the above and because of this, it hasn't impacted the decision I've reached.

I've then turned to the issues I can consider. And while I may not comment on all the points Mr B has raised, I want to ensure Mr B I've considered all of the comments and information provided to me on file.

In this situation, I note it's already been accepted by HIC that they failed to advise Mr B and his wife of the correct process to follow when they initially reported the claim. And, that this failure led to the claim initially being declined unfairly, leading to a delay in the initial settlement paid in the summer of 2022.

And it's also accepted there were further delays during the claim process, and that there was examples of poor workmanship from E when completing additional repairs centring around the radiators, which caused additional damage. I note the costs to repair this additional damage has been covered, but it's accepted by HIC that this created further inconvenience and annoyance for Mr B and his family.

As all the above has been accepted by HIC, I don't think the merits of Mr B's complaint remains in dispute. So, I won't be commenting on this in any further detail. Instead, I've turned to what does remain in dispute, which is what HIC should do to put things right.

HIC have offered to pay a total compensatory amount of £2,000 to Mr B to recognise the above. But Mr B doesn't think this is enough and has provided comments and a high-level calculation explain why he think this should be increased to £7,650.

So, where two parties disagree on what compensation should be offered, I've thought about what I think a fair offer should be, based on our service's approach. And then, I've compared this against the offer put forward by HIC, to decide whether the offer they made was a fair one. And I think it is on this occasion. And I'll explain why.

I think it's important to note HIC's offer of £2,000 is a significant one. In line with our services approach, this payment would be one we'd direct when a business's service has had a

significant impact on a customer, over an extended period of time.

In this situation, I note that there was a delay of around 3 months in paying the initial settlement, before the additional repair work was agreed to be completed by E. As Mr B had paid for the initial repair work himself, I recognise this delay would've left him out of pocket for longer than he should've been, and I don't doubt the financial impact this would've had on him over this period. But I think the payment of £2,000 fairly considers this impact, and that this impact was avoidable and the fault of HIC.

I think the £2,000 also considers the inconvenience Mr B and his family would've felt when the additional repairs weren't completed satisfactorily, and that further damage was caused which would've added additional suffering to them that could've been avoided. And I think it also fairly recognises the time Mr B would've spent engaging with HIC to put things right, alongside the emotional impact he would've felt when his wife, and his father-in-law, also had to encounter the same sort of inconvenience when supporting him through the claim and complaint process.

But I do also think it fairly takes into account HIC's actions to rectify the additional damage, ensuring the costs to cover these repairs were covered in full. And that HIC did recognise themselves that the initial claim had been declined unfairly when they reviewed the initial notification call and the information they provided. So, while HIC did make mistakes, I do think they took actions to rectify them during the claim process.

I note Mr B would like loss of earnings considered, as well as a payment calculated at £50 per email sent. But crucially, some of the loss of earnings Mr B wants considered were the earnings of his wife, who is not the policy holder. So, any impact to Mrs B can't be considered directly. And even if they could, we wouldn't usually consider loss of earnings, under our service's approach. Instead, we'd expect a compensatory payment to recognise the inconvenience created by any days needed to engage with the claim process, and I think the £2,000 does that here. And we also don't consider e-mails or communication individually, in the way Mr B has proposed. Again, we would consider the amount of emails sent, over the length of time Mr B had to engage with the claim process, and expect a compensatory payment to reflect the above, and I think it does here.

I say this because in any insurance claim, especially one considering damage to a home, we would expect there to be a certain level of inconvenience caused to a customer, through no fault of a business. And I would expect there to be a requirement for Mr B, or any of his representatives helping manage the claim, to engage with HIC throughout the claim process to ensure repairs can be completed effectively.

Finally, I note Mr B has raised concerns about the settlement paid in the summer of 2022, stating this didn't cover the costs he incurred in full. But I can't see that this was raised as an issue at the time of payment. In fact, I can see from HIC's notes that this payment was accepted, which Mr B himself has agreed was the case. Had this been accepted under duress, I would've expected to see communication between HIC and Mr B that confirmed this at the time. And I can't see that it was, or that it was raised as a complaint considered by HIC during their own complaint process. So, this isn't something that I've considered as part of this decision.

Should Mr B wish for the actual settlement paid to be investigated, he would first need to raise this clearly with HIC and allow them the opportunity to respond within their own complaint process.

So, because of the all the above, I think the £2,000 offered by HIC is a fair one, that falls in line with our service's approach and what I would've directed, had it not already been put

forward. I would expect HIC to make this payment to Mr B if it hasn't been paid already. But I don't think they need to do anything more on top of this.

My final decision

For the reasons outlined above, I don't uphold Mr B's complaint about Highway Insurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 25 March 2024.

Josh Haskey
Ombudsman