

The complaint

Mr and Mrs W are unhappy with the settlement esure Insurance Limited offered for their storm damage claim.

Mr and Mrs W jointly held buildings insurance underwritten by esure. For ease of reading, I'll refer only to Mr W throughout my decision.

What happened

The background to this complaint is well-known to both parties. So, I've set out a summary of what I think are the key events.

A hailstorm damaged Mr W's conservatory roof. He claimed under his policy and esure accepted his claim. Its surveyor reported that all the roof panels would need replacing.

esure said the roof structure was damaged because of wear and tear, and its supplier wouldn't guarantee any work to replace the panels. So it offered Mr W a cash settlement of just over £2,000 for the roof panels.

Mr W got an estimate for the repair which was significantly more than the cash settlement offer, so he complained to esure.

esure said because of the wear and tear, the full roof needed replacing. As that would be betterment, it didn't agree that it should pay for more than the cost of the panels. esure repeated its position that it wouldn't carry out the work and its cash settlement offer remained.

Mr W brought his complaint to us and our investigator agreed that esure hadn't done enough. He said esure should reconsider the claim and arrange the necessary effective and lasting repair, or cash settle based on three quotes provided by Mr W.

esure didn't agree. It said replacing the full conservatory would be significant betterment and it wasn't liable for that under the policy.

The complaint 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.

Having done so, I've decided to uphold Mr and Mrs W's complaint.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And the policy sets out the detail of the contract between Mr W and esure. So, I've relied on the policy to determine whether esure offered a settlement in line with the terms and conditions, and I've considered the remaining evidence to decide whether its offer was fair and reasonable in the circumstances.

There's no dispute that a hailstorm damaged the roof panels, and esure accepted the claim under the terms of the policy. The issue of complaint is whether or not esure made a fair cash settlement offer.

The policy sets out how esure will settle claims.

How we settle your claim

If Your Buildings suffer loss or damage as a result of [storm],

We can choose to:

- *pay the cost of work carried out to rebuild, replace or repair Your Buildings; or*
- *arrange for Your Buildings to be rebuilt, replaced or repaired;*

Where it is possible to rebuild, replace or repair Your Buildings but You do not agree with these settlement options, We will pay You cash based on the rebuild, replacement or repair cost to Us.

Where We choose to appoint a recommended supplier to rebuild, replace or repair Your Buildings, these repairs will be guaranteed for a period of 12 months following the date of completion.

esure said it couldn't guarantee the work because of existing damage to the roof, so it offered a cash settlement. The policy provides for a cash settlement and confirms that if its suppliers carry out the work it would be guaranteed. So I think the decision to offer a cash settlement was in line with the policy.

Was the offer fair in the circumstances?

esure confirmed that the full roof needed replacing. It offered a cash settlement for the cost of the damaged panels rather than carrying out repairs because:

- its suppliers wouldn't guarantee the work given the existing wear and tear, and
- it thought that a full roof replacement would be betterment.

In its response to our investigator's view, esure said it was unreasonable to replace the full conservatory. However, the investigator only recommended replacing the roof. After seeking clarification, esure confirmed its supplier wouldn't replace the roof alone because the full conservatory needed to be replaced.

To be clear, we have not asked esure to replace the full conservatory. I agree that would amount to significant betterment which would be unreasonable in the circumstances. But I'm satisfied that esure should pay for the full roof replacement cost. The damaged panels made up the majority of the roof, and some wear and tear was evident on the supporting structures. If the panels can't be replaced without replacing the roof structure, then it's

reasonable to expect esure to replace whatever is necessary of the roof structure so that it completes an effective and lasting repair.

esure's supplier wouldn't carry out the roof replacement because the whole conservatory had wear and tear damage, so it wouldn't be able to guarantee any work. esure offered a cash settlement instead.

I've thought carefully about this, and I don't think esure's approach was unreasonable. I wouldn't expect esure to replace the whole of Mr W's conservatory because of the storm-damaged roof panels. Nor would I expect it to complete work it couldn't guarantee. However, I would expect the cash settlement to cover reasonable costs evidenced by Mr W for the roof replacement. It wouldn't be fair for esure to make a cash settlement offer based on its own, likely discounted, costs to complete the same work.

Both esure and Mr W have provided evidence of the estimated roof replacement cost, but the figures are too far apart to determine from the evidence what is reasonable. Therefore, I'm satisfied that a fair outcome would be for esure to cash settle based on the reasonable cost to Mr W, evidenced by three separate quotes, for the roof work needed to effect a repair. esure is not expected to pay for any part of a quote relating to work on the rest of the conservatory, which would amount to betterment beyond the policy cover. Mr W would then be free to replace just the roof or use the cash settlement towards a replacement conservatory.

Overall, I'm satisfied that it was fair for esure to cash settle rather than carry out the repairs, but the evidence doesn't persuade me that the amount was reasonable in the circumstances. To put matters right, esure should make a cash settlement offer based on the reasonable cost to Mr W to effect a repair.

My final decision

For the reasons I've given, my final decision is that esure Insurance Limited must:

- reconsider Mr and Mrs W's claim on receipt of three quotes for the conservatory roof replacement, and
- offer a cash settlement based on the reasonable cost to Mr W to carry out the conservatory roof replacement.

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

Debra Vaughan
Ombudsman