

The complaint

Mr and Mrs M complain about how UK Insurance Limited ("UKI") dealt with a claim they made on their home insurance policy following an escape of water at their home.

UKI is the underwriter of this policy, i.e. the insurer. Part of this complaint concerns the actions of its agents. Since UKI accept it is accountable for the actions of the agents, in my decision, any reference to UKI includes the actions of the agents.

The insurance policy is in both Mr and Mrs M's name but for ease of reading I'll refer to Mr M since he's the one who brought the complaint.

What happened

In October 2022 there was a flood in the kitchen of Mr M's home. The water was cleared and there didn't appear to be any damage.

In early February 2023 the floor was giving way with swollen door frames. The tiles, floor, skirting, door frames, and laminate floor in the hall were damaged. Mr M reported the damage from the escape of water to UKI.

Mr M says the claim was mismanaged from the outset. There was a delay of around a month before the strip out works started. He says he was left to sort all the remedial works because UKI failed to do what it was supposed to during the strip out. UKI quoted 12 weeks before anyone could come and finish the work. So Mr M had to take time off from work to get tenders in for the work, making calls to UKI to discuss the claim, and dealing with the loss adjusters and contractors. There was further delay as the contents storage and kitchen pod hadn't been arranged when it should have been.

Mr M says he and his family were left in an uninhabitable property for over four months, with black mould growing up the walls, with no floors, doors, or plasterboard walls. He says the family were left breathing in dust from the exposed and damaged plasterboard and were eating their meals in their bedroom since there was nowhere to eat downstairs. Mr M says the whole matter has had significant impact on his family; mentally and physically. He says something that should have taken weeks to deal with has taken over six months, and he's had to spend a considerable amount of time arranging contractors to carry out the work and liaising with UKI for payment. Mr M wasn't happy with the service received so he complained.

UKI said it wasn't aware the property was in the condition it was and so it didn't consider alternative accommodation for the family. UKI apologised that Mr M didn't receive call backs as promised. The insurer accepts it should have moved much quicker and the estimated lead times for the work to start were unacceptable. UKI apologised for the level of service Mr M had received and paid him a total of £1,000 to reflect the distress and inconvenience caused.

Mr M remained unhappy and asked our service to consider his concerns. One of our investigators looked into things for him. He said he could see UKI had caused some delays

in its handling of the claim, and the lead time for the strip out work wasn't fair or reasonable. He said he could see the matter caused substantial distress, upset, and worry; and agreed UKI hadn't acted fairly. He said the compensation payment of £1,000 was in line with the impact and with the awards this service makes. And so he wasn't going to ask UKI to do anything further.

Mr M didn't agree with the investigator. He said UKI initially offered him a cash settlement but he didn't accept this as he wanted UKI to manage the claim. He says he ended up having to manage the claim because of the delays caused by his insurer. Mr M says he would accept a further £3,000 for the distress and inconvenience caused. UKI agreed with the investigators outcome but said it wouldn't increase the compensation since its original offer was fair.

And so, the complaint has come 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.

There is a lot of information about the claim Mr M made, and I've looked through everything provided. The detail is well-known to both Mr M and UKI, so I haven't described the claim in any great detail here. I'll comment on any relevant evidence where appropriate to explain my decision. It is also not my intention to minimise the effect the claim has had on Mr M and his family. I recognise the impact the matter has had on Mr M and I empathise with the difficulties he has clearly faced.

UKI upheld Mr M's complaint since it accepts the level of service provided fell short of what Mr M was entitled to expect. So I'm only considering whether the offer made adequately reflects the inconvenience caused by those failures in service. My decision covers all the issues raised up until the final response sent on 18 July 2023. I know Mr M has raised a subsequent complaint and that doesn't form part of this decision.

Delays

I can see there were delays from the outset of the claim. Mr M reported the incident at the beginning of February 2023 but his property wasn't inspected until around six weeks later. The evidence shows the storage for contents hadn't been arranged but the strip out works had begun. By May 2023 only part of the strip out works had been completed due to the storage not being approved until April, and the kitchen pod hadn't been arranged.

Following this there were discussions around the replacement kitchen with UKI raising queries about the quote provided by Mr M. UKI finally approved the costs in June 2023. Around the same time Mr M was advised the lead time for the reinstatement work was around 12 weeks. And so Mr M had to start making arrangements for completion of the work himself.

The relevant industry rules say an insurer should handle claims promptly and fairly. I can see from the information provided that wasn't the case here.

UKI accept it should have dealt with the claim more efficiently. I can see UKI spent time trying to get updates from contractors and arrange for the outstanding works to be completed. And that's what I would have expected it to do. It's unfortunate those efforts didn't always lead to the claim being progressed. But I can see UKI were attempting to resolve Mr M's concerns for him, and to move the repairs on.

UKI should have been able to organise and repair the damage much sooner than it did. And the insurer's repeated errors caused significant inconvenience for Mr M as he was left without use of the downstairs of his home for longer than was necessary. It also caused him a lot of worry and day to day disruption.

I accept contractors visiting on many different occasions was inconvenient. And having to chase UKI to sort things out has been added effort. I also acknowledge that living with the dust and mould wasn't safe. I can see Mr M has suffered considerable stress and anxiety as a result of this matter.

Alternative accommodation

The purpose of alternative accommodation is to pay for the reasonable additional costs of temporarily rehousing members of the household when the home becomes uninhabitable. Mr M says his family had to eat dinner in their bedrooms since there was nowhere they could sit downstairs. This service would usually consider a property as uninhabitable where there is no access to a kitchen or bathroom.

UKI provided Mr M with a kitchen pod and the bathroom facilities were accessible and so I don't think the property was uninhabitable for the purposes of the claim. I do agree however that the conditions weren't acceptable.

Mr M told UKI there was dust and black mould in his home. I think at that stage UKI should have considered alternative accommodation with Mr M and made arrangements accordingly. I'm pleased to see Mr M was provided with alternative accommodation for the period when the flooring and skirting was being reinstated. But I think UKI could have been more proactive in arranging alternative accommodation when it became aware of the state of Mr M's home.

Compensation

Mr M has indicated he would accept a further £3,000 to reflect the distress and inconvenience caused. I've considered this carefully but I'm not going to direct UKI to pay an additional amount here.

Mr M has provided details of the cost of his time in dealing with the claim. We don't usually make specific awards for someone's time, and I think the amount paid by UKI reflects the inconvenience of Mr M not being able to use his holiday entitlement on his own terms.

Our jurisdiction is determined by applying the Dispute Resolution (DISP) rules that govern our service. DISP 3.7 of the Financial Conduct Authority's handbook sets out our power to put things right – which includes making money awards (at DISP 3.7.2R). We can only look into complaints brought by eligible complainants; typically policyholders. And so, we can only award compensation for distress and inconvenience to eligible complainants. Mr M has described the impact the matter has had on his children but, unfortunately, I'm unable to make awards to his children since they aren't eligible complainants for the purposes of this complaint.

I can see from looking at the complaint notes, and from Mr M's testimony that what should have been a fairly straightforward claim became time consuming and stressful. There have been mistakes, periods of inactivity, and failures to communicate with Mr M. This has resulted in wasted time on his part making repeated calls to chase things up, waiting for contractors, and arranging his own contractors to provide quotes. This has all taken place

over an 8-to-9-month period when it really should have been a matter of weeks or few months.

UKI has paid Mr M £1,000 compensation and our investigator has said this is fair and reasonable in the circumstances.

I accept that the situation has been distressing for Mr M and his family. And has caused a serious amount of disruption to their daily life for many months. Mr M has spoken about the considerable upset resulting from not being able to eat downstairs, living amongst dust and mould, and managing the reinstatement works himself while working. Its clear Mr M has also gone to lots of effort in arranging contractors, and there has been a significant amount of correspondence back and forth in order to get his home back to the position it was in prior to the escape of water.

I have seen that, latterly, UKI paid invoices promptly and provided agreement for works not initially in the scope of repairs. And that's what I would expect it to do.

I think UKI's compensation of £1,000 is fair and reasonable in the circumstances of the complaint and is broadly in line with the awards we make for trouble and upset as set out on our website. £1,000 is fair where the impact of a business's mistake has caused substantial distress, upset, and worry as is the case here. Mr M has described serious disruption to daily life over a sustained period, with the impact felt over many months.

Taking everything into account I think UKI's £1,000 payment in compensation to reflect the substantial impact its mistakes have caused is fair and reasonable; and in line with what I would have awarded had payment not already been made. So, I won't be asking it to take any further action in relation to this complaint.

I understand Mr M will be disappointed with my decision as he's been through a lot of distress during the claim and he's unable to get that time back. But I hope he can see I've considered the evidence and determined the impact in line with this service's approach.

My final decision

My final decision is I don't think UK Insurance Limited needs to do anything further to settle the complaint

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

Kiran Clair
Ombudsman