

The complaint

Mr T complains about Highway Insurance Company Limited's handling of his home insurance (contents) claim.

Highway is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of its agents. As Highway has accepted it is accountable for the actions of the agents, in my decision, any reference to Highway includes the actions of the agents.

What happened

In January 2023, Mr T made a claim under his home insurance policy with Highway after his contents were damaged by an escape of water in his home. Highway instructed loss adjusters to manage the claim and a restoration company was appointed to assess the damaged items.

The restoration company was booked in to visit in early February, but this was rearranged a couple of times because it couldn't gain access to the property. The visit took place around five weeks after Mr T made his claim.

Mr T raised a number of concerns about Highway's handling of his claim. He was unhappy about the length of time it took for his home to be visited by a loss adjuster and the restoration company. He raised concerns about delays in the progress of his claim, a lack of communication and the customer service he'd received.

Mr T was unhappy that electrical items weren't stored properly after the restoration company visited. He was also concerned about having to take back electrical items after they'd been exposed to damp conditions for a prolonged period of time.

Highway acknowledged that the service it provided could have been better. It said that even though Mr T's electrical items had been tested and deemed safe, it had agreed to cash settle this part of his claim because of his claim journey. It also paid Mr T £350 to compensate him for poor service.

Mr T remained unhappy and asked our service to consider his concerns. He said none of Highway's representatives had demonstrated any compassion throughout the claims process. He'd been asked to rent a van to clear the premises himself. He also commented that his clothing had been disposed of, when he could have had them back to dry clean himself.

Our investigator thought Highway had acted fairly with respect to settling Mr T's claim for damaged clothing. But he didn't think Highway's offer of compensation was sufficient to recognise the impact of delays and poor service on him. He recommended that it increase the compensation to a total of £500.

Highway accepted our investigator's recommendation, but Mr T didn't think it was enough to put things right. He didn't feel he'd received a satisfactory apology for the way the claim was handled and the delays he'd encountered.

Mr T felt he might have made different decisions about the settlement of his claim if Highway had given him clearer information and had dealt with his claim more efficiently. He also made several comments on how he'd been impacted financially and emotionally by Highway's handling of his claim.

As Mr T disagrees with our investigator's outcome, his complaint has been 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 reached broadly the same conclusions as our investigator. I'll explain why.

I've considered everything Mr T has told our service, but I'll be keeping my findings to what I believe to be the crux of his complaint. I wish to reassure Mr T I've read and considered everything he has sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

The relevant industry rules say an insurer should handle claims promptly and fairly. It should also provide reasonable guidance to help a policyholder make a claim and appropriate information on its progress.

Clothing settlement

The policy's terms and conditions set out how Highway will settle a claim as follows:

"Most insurance companies can get discounts on replacing items. This helps to control claim costs and therefore premiums charged. It is at our option that we will:

- *pay the cost of repair;*
- *replace the item as new; or*
- *pay the cost of replacing the item as new.*
 - *where we can offer repair or replacement through a preferred supplier but we agree to pay a cash settlement then payment will not exceed the discounted replacement price we would normally pay*
 - *where we cannot repair or replace the items as new through our preferred suppliers, we will pay the full replacement cost of the item with no discount applied."*

Mr T says he didn't understand the implications of accepting the amount Highway said it would have cost to have items of his clothing dry cleaned to settle this part of his claim.

Having listened to a number of call recordings of Mr T's conversations with Highway's loss adjusters, I think they clearly explained to Mr T how a cash settlement would work. Mr T seemed adamant that he wouldn't accept any of the clothing that had been damaged by mould returned to him. Mr T was told that if clothing could be cleaned, he would only be entitled to the amount Highway would have paid for them to be cleaned as a cash settlement.

I appreciate Mr T feels Highway should have told him that it would have paid for his clothing to be replaced in the event that dry cleaning wasn't successful. While it might not have explicitly said this to him, I'm not persuaded it did anything wrong here. I think it made it clear that he had the option of having the clothing cleaned. As Mr T was clear that he didn't want to go ahead with this, I think offering a cash settlement equivalent to Highway's costs if the clothing had been cleaned was reasonable.

Mr T has also commented that Highway agreed to replace his cheaper clothing but only agreed to cleaning costs for his designer clothes. It's possible that Highway thought it might be more economical to replace the cheaper items than clean them. In any event, the terms and conditions allow Highway to choose whether to cover the cost of repairing items or to replace them. So, I'm not persuaded that Highway has acted unfairly here.

Electrical items

Mr T also raised concerns about the storage and transportation of electrical items, such as his television. He says his televisions were lent against hard, sharp objects and they were transported without any bubble wrap. Mr T was also worried about water damage potentially causing corrosion and mould, which could cause them to malfunction or become a health and safety risk.

I can see that the restoration company told Mr T that his electrical items weren't only PAT tested. They had also carried out decontamination and function testing of the appliances to ensure they were safe to use and in working order. It also apologised to Mr T for how the electrical items were stacked, but it said that none of the items were damaged by the way they were stored.

Despite this, it looks like Highway later agreed to cash settle this part of Mr T's claim because he was reluctant to take the electrical items back. So, I think Highway has acted reasonably here.

Delays and customer service

I understand a loss adjuster didn't visit until around a month after Mr T's claim and the restoration company visited a few days after that.

From reviewing the notes, I think part of the delay in the restoration company's visit was because it wasn't able to access the property. I understand Mr T had some difficulty arranging access because he wasn't able to stay at the property due to it being uninhabitable.

It looks like there was a three week gap between the second appointment and the visit. So, I think Highway should have done more to ensure Mr T's contents was assessed sooner.

In a call a couple of days before the restoration company's visit, Mr T told Highway that the property needed to be cleared of his belongings in less than a week's time. He said his tenancy agreement was ending and his landlord needed everything removed so that repairs to the property could be carried out.

In a call on the day Mr T's tenancy was due to end, he said the restoration company had told him it would be removing his belongings at the weekend, but this hadn't happened. I think it's clear from the call, that Mr T was worried about what might happen if his items weren't removed in time.

One of Mr T's complaint points was that Highway suggested he hire a van and clear the property himself. While I appreciate this was just a suggestion, I think it was distressing for Mr T that his property hadn't been cleared before his tenancy agreement ended, particularly when he'd previously made Highway aware of the urgency of the situation.

Mr T also raised concerns about his electrical items being stacked up by the restoration company and covered in dust from building work in this call. While Highway eventually agreed to replace these, I think it was upsetting for him to find that his belongings hadn't been looked after.

Mr T says Highway's delays impacted him financially. I understand he had to use his overdraft and credit card to replace essential items after the escape of water incident. He also incurred additional costs from needing to move in with his partner temporarily.

Unfortunately, the policy didn't cover Mr T for alternative accommodation. And it was always going to be necessary for Mr T to replace certain items while waiting for his claim to be assessed and paid. While I think Highway is responsible for delays at the beginning of the claim, it seems to have dealt with the settlement for clothing fairly quickly once it was taken for assessment. Although the settlement for electrical items took longer, Highway does appear to have paid him more than it was required to under the terms of the policy, by agreeing to pay for undamaged items.

I understand this has been an extremely distressing experience for Mr T who had to move out of his home and was left without a large number of his belongings. However, when thinking about a fair award for compensation, I need to separate the impact of the escape of water event itself from the additional distress and inconvenience Mr T experienced as a result of Highway's poor service.

Even if the claim had been handled efficiently throughout, Mr T would still have experienced inconvenience as part of the claims process. I can only award compensation for distress and inconvenience Highway has caused which is over and above what we would usually expect from this type of claim.

Highway has agreed to pay Mr T compensation totalling £500. This is in the range of what our service would typically award where a business's actions have caused a consumer considerable distress, upset and worry and/or significant inconvenience and disruption that needs a lot of extra effort to sort out.

Having considered everything, I think £500 fairly recognises the impact of Highway's service failings on Mr T. So, while I appreciate this will be disappointing for Mr T, I'm not persuaded to award compensation above the amount Highway has agreed to pay.

As Highway has already paid Mr T £350 in relation to this complaint, it should pay him an additional £150.

Putting things right

Highway should pay Mr T £150 for distress and inconvenience.

My final decision

For the reasons I've explained, I uphold Mr T's complaint and direct Highway Insurance Company Limited to put things right by doing as I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 11 March 2024.

Anne Muscroft
Ombudsman