

The complaint

Mrs L has complained about the way U K Insurance Limited trading as NIG (UKI) handled a claim she made for water damage to her property following the completion of repairs after a previous flood damage claim.

What happened

The details of this complaint are well known to both parties, so I will not repeat them again in full detail here. But to briefly summarise, Mrs L's property was damaged by a flood in 2020 and UKI appointed contractors to dry the property before Mrs L appointed a contractor to replace her flooring. In 2021, Mrs L reported issues with her flooring lifting, and later with her soakaway backing up into her septic tank.

UKI initially disagreed that either issue was linked to the original flood claim, or issues with the drying out of the property. But after appointing an independent expert, it accepted responsibility for both issues.

Mrs L is unhappy with the length of time it took for UKI to accept responsibility and deal with the issues. She says she was forced to live in alternative accommodation for longer than necessary and that she had to live in her home with an unsafe floor and no furniture, because of UKI's delays and poor handling.

UKI accepts the service Mrs L received was poor. Over five separate final response letters, it has offered a total of £1,750 compensation. But Mrs L doesn't feel that amount goes far enough to put things right.

One of our investigators looked into Mrs L's complaint. She said she could only consider matters covered in the final response letters issued in or after April 2023, because Mrs L hadn't referred her concerns about the earlier final response letters with the six months she had to do so under our rules. For the time and responses she was considering, she said UKI had offered £1,350 compensation which she felt was fair. So, she didn't recommend UKI do anything further to resolve Mrs L's complaint.

Mrs L didn't accept our investigator's opinion. So, as no agreement has been reached, the 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, while I appreciate it will come as a disappointment to Mrs L, I agree with the outcome reached by our investigator. I'll explain why.

But first, I want to explain that, like our investigator, I'm only able to consider the issues which were covered in UKI's final response letters of April 2023, June 2023 and October 2023. And I've issued a separate jurisdiction decision explaining why I'm unable to consider the issues covered within the August 2021 and December 2022 final response letters.

That means the issues I'm considering within this complaint are the service issues and lack of support Mrs L received from UKI and its suppliers from 17 December 2022 to 30 October 2023, and UKI's decision not to extend Mrs L's alternative accommodation to allow her to use her own contractor instead of UKI's. I'll address each issue separately.

Delays, service issues and lack of support

It's not in dispute that Mrs L's follow-on claim for issues with her flooring and septic tank have taken a long time to resolve, nor that she has suffered avoidable distress and inconvenience as a result of this.

Most of the delays in this case are the result of UKI initially refusing to accept that the issues with Mrs L's flooring were caused by its drying specialist failing to properly dry the subfloor during the original claim, or to accept that the issues with her soakaway were the result of the original flood.

UKI was initially relying on the opinions of its drying and drainage specialists when maintaining that position, which isn't necessarily unfair. And it later agreed to appoint an independent specialist to review matters when Mrs L disputed its position, which I think was fair in the circumstances. But given the independent specialist found that the issues were caused by the original flood and/or poor drying, I think that means UKI is reasonably responsible for the avoidable distress and inconvenience Mrs L suffered from having her concerns about these issues initially dismissed, having to raise, pursue and chase complaints in order to get the issues sorted out, and the general impact the issues had on her daily life throughout this period.

I can see that Mrs L had to spend time living in her property, with unsafe and uneven flooring and no furniture. While living at home the soakaway issues also impacted their ability to use their facilities as normal, all of which would have been understandably distressing and inconvenient. She also spent around six months in alternative accommodation, which while less distressing and inconvenient than staying in the damaged property, would still have been more distressing and inconvenient than living in her own, properly repaired, home. Although I can see that UKI attempted to mitigate some of this, by paying towards a holiday Mrs L took during part of the period where alternative accommodation could not be sourced.

Considering the things that went wrong, and the impact they had on Mrs L, during the time period I'm able to consider, I think Mrs L suffered a substantial level of avoidable distress and inconvenience, impacting her for many months, due to UKI's failings. I can see that UKI has accepted this and has offered a total of £1,350 compensation to put things right.

I've thought carefully about everything Mrs L has said about the impact UKI's failings have had on her. I've also considered the Financial Ombudsman Service's published guidance on awards for distress and inconvenience. Having done so, while I appreciate it will likely come as a disappointment to Mrs L, I think the £1,350 is sufficient to fairly put things right. This amount is in line with what I would have directed UKI to pay, had it not already offered to do so.

To be clear, I'm in no way intending to downplay the seriousness of UKI's failings or the impact they had on Mrs L. As I say, I recognise Mrs L suffered a substantial level of distress and inconvenience which she needn't have, because of UKI and its agents. But I think £1,350 is substantial compensation, and fairly recognises the impact of UKI's failings.

Refusal to extend alternative accommodation

Mrs L also complained that UKI refused to extend her alternative accommodation so that she could have the required repair works carried out by her own contractor, rather than one of UKI's.

I can certainly understand how and why Mrs L's faith in UKI and its agents will have been shaken during her claim and complaint. So, it's understandable that she'd prefer to use her own contractor. And I note she had already engaged her contractor and that they had completed some preliminary works by the time UKI offered its own contractor too. But I also note that UKI wasn't proposing to use the same agents who had previously made mistakes, and that its network contractor was available to carry out the works required to allow Mrs L to return home over a month sooner than her own contractor would have been able to.

In these circumstances, I don't agree that it would be fair or reasonable to require UKI to fund around six weeks of extra alternative accommodation to accommodate Mrs L's preference of contractor. So, I think UKI's offer to cover alternative accommodation costs up to the date its contractor could have had works completed and the property habitable again was fair and reasonable.

My final decision

U K Insurance Limited trading as NIG has already made an offer to pay £1,350 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that U K Insurance Limited trading as NIG should pay Mrs L £1,350 – if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 3 September 2024.

Adam Golding
Ombudsman