

The complaint

Miss B is complaining about the way Chaucer Insurance Company Designated Activity Company (Chaucer) handled a claim she made on the commercial property insurance policy that cover the building her flat was within.

What happened

The facts of this complaint are well known to all parties, so I won't set them out in detail. But, in summary In December 2022, Miss B discovered a leak in her flat which was coming from the flat above. Chaucer provided the block insurance policy for the building and so instructed a loss adjustor to inspect both properties. And the loss adjustor advised Chaucer that the leak was as a result of a burst pipe in the above flat and also that Miss B's property was uninhabitable due to the damage.

Chaucer said it wasn't liable for the damage to the flat above, but it did agree to cover the damage to Miss B's. However, there was a dispute around whether Miss B was entitled to alternative accommodation or not. During this time, Miss B looked to source a property of her own, but said she couldn't do so as she needed to provide a credit card, but she said she didn't have one. She said she was asked if she could borrow money from friends or family, but said she wasn't willing to do that.

Chaucer eventually agreed the policy covered alternative accommodation for Miss B. But it said, by this time Miss B said she'd sourced free accommodation. Miss B said she had spent a few nights in a hotel. Chaucer agreed to pay Miss B for any hotel bills she incurred whilst away from the property – including during two trips to Portugal.

Miss B was unhappy with the way Chaucer handled the whole claim. She said she had a heart condition and she said the whole process had caused her severe distress. She was also unhappy with how long it took for it to deal with the claim. Finally, she said when she returned to her property, her bedroom was still wet, so she had to sleep in the sitting room.

Our investigator upheld the complaint and said the following:

- She acknowledged its not unusual for insurers to sometimes ask individuals to source their own alternative accommodation. But she thought Chaucer should have supported Miss B a lot more in this process. She didn't think it was fair it initially said it wouldn't cover alternative accommodation as it should have known what the policy did and didn't cover. She acknowledged Chaucer paid Miss B an emergency payment of £500, but this wasn't until mid-January. And she still thought Chaucer should have done more to support her. She thought this had caused Miss B a lot of distress.
- She thought, while Miss B had said she had sourced free accommodation, it was likely Miss B had incurred additional costs as a result of this – such as food and energy. And she thought Chaucer should pay disturbance allowance (£10 per day) during the time she was away from her property apart from when Miss B was in Portugal.
- She didn't think Chaucer had caused material delays in the handling of the claim. She said there were delays in drying the flat above due to disputes that were out of Chaucer's control. And she understood why Chaucer couldn't start rectification works to Miss B's

property until the property above was dry. She acknowledged Miss B's comment that she couldn't sleep in her bedroom when she returned to the property. But the investigator said, other than a concern about a small re-emergence of moisture in a linen closet, as well as some water penetrating the garage, she didn't think there was anything to show Miss B couldn't use the bedroom.

- She acknowledged Miss B's comment about the distress this matter had caused her, as well as evidence that she was referred for mental health treatment during this time. However, she didn't think she could hold Chaucer responsible for this as she hadn't seen anything to show this was attributable to anything Chaucer did wrong.

Chaucer didn't agree with the investigator and raised the following:

- It paid all the costs Miss B has presented for alternative accommodation – including when she was abroad. And it said it understood Miss B was living with her son throughout this time. It thought it had been fair in paying what it did.
- It didn't think there was anything to show Miss B had incurred extra costs as a result of the claim. It said Miss B would always incur costs for food, heating and laundry etc. And it highlighted it had paid the heating costs for Miss B's property while she was out of the property. And it maintained there wasn't anything to show Miss B's costs were more than she would normally pay.

As Chaucer didn't agree with the investigator, the complaint's 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 come to the same conclusion as the investigator for largely the same reasons. I'll now explain why.

Alternative accommodation

Firstly, in their first report – the day after the leak was discovered – the loss adjuster advised Chaucer that “[Miss B] *has vacated [the property] and is currently staying on her friend's sofa. As matters stand, her bedroom is uninhabitable and therefore, alternative accommodation may well be advisable.*”

So the day after the incident Chaucer was aware Miss B had had to vacate her property and didn't have anywhere to stay. Chaucer should have also acknowledged Miss B was elderly and may have needed more assistance than normal. I can't agree it was fair for Chaucer to have taken over three weeks to confirm whether it would provide alternative accommodation for her. It's clear the terms of the policy provided alternative accommodation where “*a person or company occupying the Premises under a Tenancy Agreement or lease*” were unable to live in that property. Miss B clearly fitted within this category of person. So I think Chaucer should have arranged accommodation for Miss B as soon as possible – such as arrange a hotel or similar until it could source a more long-term suitable property.

Chaucer has said Miss B was living with her son, but I haven't seen anything to support that. And Miss B has told us she didn't live with her son during this time, but instead, moved between properties throughout that time and didn't have a space of her own. So I still think Chaucer should have done more to support Miss B. Had it done so, I think most of the subsequent issues would have been avoided. The investigator thought Chaucer should pay £350 in compensation for this and I think that's in line with what I would have awarded.

That said, Miss B has confirmed Chaucer has refunded the money she spent on accommodation during this time, so there isn't anything further that Chaucer needs to refund in this regard.

Disturbance allowance

As I said above, I do think Chaucer should have arranged alternative accommodation for Miss B from the start. As a result of its failure to do so, Miss B didn't have a permanent place to reside for around six months. I don't think that's fair. She has also told us this cost her more in expenses than she had budgeted for during that time – in particular regarding food, laundry and gas/electricity bills.

I understand Chaucer has paid the heating expenses for her property during the time she was out of the property. So it doesn't need to pay anything further regarding this. However, I would consider it good industry practice for Chaucer to cover extra costs Miss B has incurred over and above what she would have ordinarily occurred. I also think this is especially the case given it didn't arrange accommodation for her when it should have done.

I note Chaucer has said the costs Miss B incurred regarding food and laundry are simply costs she would have incurred in normal expense. But Miss B has been clear her expenses were more than they normally would be had the event not taken place. And I see no reason to conclude otherwise.

I agree with Chaucer that it wouldn't be fair for it to pay disturbance allowance for the time she was out of the country as I don't think her expenses would have been higher during that time as a result of the damage to her property. But I agree with the investigator that Chaucer should pay Miss B £10 per day for the remaining days she was out of the property. And, given I think it should have considered this during the claim process, I also think it should pay 8% simple interest on this amount from the day she moved back into the property until Chaucer settles this.

Handling of the claim

Miss B is unhappy with how long the claim took and also highlighted she missed Christmas with her daughter and granddaughter. I naturally sympathise with the situation she found herself in. As I said above, I do think Chaucer could have reduced some of the distress and inconvenience Miss B suffered had it arranged alternative accommodation from the start. That said, there will always be some distress and inconvenience arising from making a claim of this nature. And I can only require Chaucer to compensate Miss B for anything that it unreasonable caused – i.e. for something that wasn't a natural consequence of the incident that arose.

I note Miss B was upset to have missed Christmas with her daughter and granddaughter. But I also can't ignore that the water damage was discovered only three days before Christmas. Naturally Chaucer can't be held liable for that. I can see it had a loss adjustor attend the property the day after the event and the report was provided straight away. I'm not persuaded there was anything Chaucer could reasonably have done to prevent this upset from happening.

Further to this, other than the concerns I've set out surrounding Miss B's accommodation, I'm not persuaded Chaucer has handled this claim unreasonably. The claim was complicated because the damage arose from a leak in a different property. And I understand the insurance policy didn't cover the damage to that property. I also understand there was a delay in the drying process starting in the above property while a dispute ensued regarding that. And it wasn't unreasonable for Chaucer to not authorise the start of the works to

Miss B's property until the above property was dried out as any work done to Miss B's property in that time would likely have failed. I recognise Miss B was unhappy she was out of her property for so long. But I again don't think Chaucer was unreasonably responsible for that – it's just an unfortunate situation for what happened in the claim.

My final decision

For the reasons I've set out above, it's my final decision that I uphold this complaint and I require Chaucer Insurance Company Designated Activity Company to do the following to put things right:

1. Pay Miss B £350 in compensation for not arranging suitable alternative accommodation for her; and
2. Pay Miss B £10 per day for the days she was out of the property, other than the time she was out of the country*

*It should pay 8% simple interest per year on this from the date Miss B moved back to the property until it settles it. If it thinks that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss B how much it's taken off. It should also give her a tax deduction certificate if she asks for one, so she can reclaim the tax if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 29 October 2024.

Guy Mitchell

Ombudsman