

The complaint

Mrs D complains about matters relating to the handling of her home insurance claims by U K Insurance Limited ("UKI").

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

Mrs D is represented in this complaint by her friend, Ms D. For ease I'll refer to anything said by Ms D as being said by Mrs D.

What happened

In mid-2018, Mrs D made a claim under her home insurance policy with UKI after her property was damaged by an escape of water in her bathroom. In mid-2019, she made another claim after a flood caused damage to the downstairs of her house and her garden.

Mrs D wanted to use her own contractors to carry out repairs to the building, so UKI agreed to pay her a cash settlement.

In early 2023, Mrs D asked the Financial Ombudsman service to consider a complaint against UKI. She said UKI had paid a sum of money into her account without telling her what it was for, and nothing had been agreed. She said UKI had refused to give a breakdown of how it came up with this figure and said a small amount included payment for the bathroom claim. Mrs D had to do most of the repair work herself as the money she'd been given wasn't enough to pay for the work to be done and she was unable to replace everything. Mrs D said the stress had caused her a number of health issues.

Our service referred Mrs D's complaint to UKI on her behalf and UKI issued a response to it in May 2023. It gave a breakdown of payments it had sent to her for each of Mrs D's claims. The breakdown included payments for building damage for both claims, contents costs for the escape of water claim and rent costs for the flood claim.

UKI said there were outstanding amounts for VAT to be paid on the completion of works and the submission of VAT receipts. If Mrs D's contractors were not VAT registered, then nothing further was due.

UKI referred to a term in the policy which said it would limit a cash settlement to the amount it would have cost it to use its own suppliers. It said this explained why a settlement offer is often lower than the estimate provided by a customer.

Mrs D remained unhappy and asked our service to consider her complaint.

I issued a provisional decision on 30 January 2024 where I explained why I didn't intend to uphold Mrs D's complaint. In that decision I said:

“I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Based on what I’ve seen so far, I don’t intend to uphold Mrs D’s complaint. I’ll explain why.

I thought it would be helpful to provide some clarity about the Financial Ombudsman Service’s role and the scope of the complaint that I’m deciding. Our role is to resolve disputes between complainants and financial businesses, to help both parties move on. It isn’t our role to handle a claim or to deal with matters as they arise.

Mrs D’s representative has raised a number of concerns about UKI’s handling of her claim. Our investigator asked UKI to look into some other complaint points in October 2023. These include her complaint about the settlement UKI has offered for the contents part of her claim. If Mrs D remains unhappy about those matters, she may be able to bring a separate complaint to our service.

Buildings settlement amount

Mrs D’s main concern appears to be about the amount UKI paid to settle the buildings part of her claim. She says this was much lower than the amount her contractors were charging, and she had to do a lot of the work herself. She says this impacted both her mental and physical health.

The rules applying to this service say that – where a business doesn’t agree – we can’t look into a complaint if it’s been referred to us more than six months after the business sends the complainant its final response letter, telling them they can refer their complaint to us. Unless, in the view of the ombudsman, the failure to comply with the time limit was as a result of exceptional circumstances. This is Dispute Resolution rule 2.8.2 – and can be found online in the Financial Conduct Authority’s (FCA’s) handbook.

I can see that Mrs D previously complained about the settlement UKI offered for the buildings part of her claim in around March 2020. UKI issued a response to this complaint on 8 April 2020. UKI’s letter told Mrs D she had the right to refer her complaint to the Financial Ombudsman Service and went on to say:

“You have the right to appeal our decision through the Financial Ombudsman Service. Making an appeal is free, but you must do this within six months of this letter. If you contact them after this, they won’t have our permission to look at it and will only be able to consider your appeal in very limited circumstances. For example, if the Ombudsman believes the delay in contacting their service was because of exceptional circumstances.”

The letter also included a link to the leaflet on our website.

I can see Mrs D’s representative made a further complaint on her behalf in 2022. UKI sent its final response to that complaint on 27 June 2022. This letter included the wording:

“As I’ve previously stated I won’t be commenting on the buildings settlement. This has been addressed under a previous complaint with the final response being issued on 8 April 2020.” The letter also advised of Mrs D’s right to refer her complaint to the Financial Ombudsman Service within six months.

UKI’s response letter of 8 April 2020 is very brief and doesn’t explain UKI’s settlement offer. But even if I was to calculate the six months from the date of UKI’s final response letter of June 2022, it would mean Mrs D had until 27 December 2022 to refer her complaint about the amount of the settlement of the buildings part of her claim to us.

However, Mrs D didn't refer her complaint to us until 13 March 2023. This means that, under the rules I must apply, the complaint has been referred to us too late. UKI hasn't given us permission to look into it. And I haven't been made aware of any exceptional circumstances that meant Mrs D couldn't have brought her complaint to us in time. So unfortunately, I don't have the power to consider Mrs D's complaint about the amount UKI paid her to settle the buildings part of her claims.

Communication

Mrs D has also complained that UKI paid a sum of money into her account without her agreeing to the settlement and refused to give her a breakdown of how it came up with this figure. She says UKI told her the small amount included payment of the bathroom claim.

In its final response letter of 19 May 2023, UKI gave Mrs D a list of payments with dates and what they were for. It says a breakdown for both claims had previously been provided by its loss adjuster.

I can see that UKI's loss adjuster emailed Mrs D in February 2020 informing her of a settlement figure of £77,445.78 plus VAT. Mrs D asked UKI for a breakdown of what the figure included. UKI sent Mrs D a schedule of works and Mrs D said she wanted a costings breakdown for individual items.

In response UKI said costings were based on National Federation of Builder approved rates, which all contractors should abide by. It said its un-costed schedule had been put through a tender process and that was the figure UKI's preferred contractors could carry out reinstatement works for.

Mrs D said that she was not satisfied with the settlement figure as the difference between that and her builder's figure was substantially lower. She said it only covered a small amount of works, leaving some areas incomplete.

UKI said the settlement was based on the National Federation of Builders rates so the rates used were correct, therefore the settlement was fair for the works required and it seemed that Mrs D's contractor may not use those rates. It said that if UKI's preferred contractors completed the works as per the schedule this was the price they would be paid and UKI would not pay above this. UKI said it assumed Mrs D agreed with the schedule of works and asked if it was just the figure she was unhappy with.

Around a week later, there was a further email from Mrs D referring to a telephone conversation with UKI's loss adjuster and a list of items/works missed.

I can see that UKI's loss adjuster sent Mrs D an email in June 2020 saying she hadn't received a response to another email she had sent her. She asked if she could assume that since all the items Mrs D had queried had now been accounted for and had been added to the settlement figure, she could now arrange to release the rest of the settlement money to her.

UKI has noted speaking to Mrs D in July 2020 and advising her that the payment had been released. It's also noted that £53,384.55 had been paid by BACS and should take three to five working days to arrive. The payment of £6,582.79 had been made by cheque.

I can also see that UKI's loss adjuster sent Mrs D an email on the same date saying that as it hadn't received a response to previous emails UKI had authorised them to proceed and issue a settlement payment. The email explains that £6,582.79 (net of the £350 excess) was

for the escape of water claim. There would be a further £1,386.55 to be paid on completion of works and validation of VAT receipts, if the contractor was VAT registered. The email also said a payment of £53,384.54 had been released. This was net of the £20,000 interim payment and £350 excess. It said £14,746.91 would be paid on completion of works and submission of VAT receipts if the contractor was VAT registered.

In an email to UKI the loss adjuster said she had read out the above email to Mrs D and she'd explained the settlement amount. The loss adjuster said Mrs D was cross that she hadn't authorised the settlement to be paid to her and she'd advised this was because Mrs D hadn't responded to any emails for the last two months.

I'm satisfied from the above that UKI gave Mrs D clear information about the payments it made to settle her claims. I appreciate Mrs D hadn't given UKI prior authorisation for the settlement to be paid. However, I don't think it was unreasonable for UKI to have issued the payments when it did.

I understand that Mrs D is unhappy about the total settlement amount for her buildings claims. But, as I've explained, I'm unable to look at this part of her complaint.

I know my answer will be disappointing for Mrs D, but I haven't found reason to uphold the matters I've been able to consider in this decision."

I gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

Responses

UKI said it accepted my provisional decision and had nothing further to add.

Mrs D's representative made a number of comments regarding UKI's handling of her claim, the settlement it had paid, and the impact on Mrs D's health. She said she had already given details of the claim to the media and had emailed a government minister. She was also willing and able to go to court.

Ms D said UKI had paid the final building amount into Mrs D's bank account without any formal conversation and no letter before payment. She said that until this day it had refused to say how and why it reached the figure paid.

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.

I understand the last few years have been extremely difficult for Mrs D and I empathise with her. Unfortunately, I don't have the power to consider the settlement Mrs D was paid for the buildings part of her claim for the reasons given in my provisional decision.

I explained in my provisional decision why I was satisfied that UKI had given Mrs D clear information about the payment it had made for the buildings settlement. So, Ms D's further comments haven't made a difference to the outcome I've reached.

It's unclear from the information I have, if UKI has responded to the matters raised in Mrs D's complaint of October 2023, which included the contents settlement. If Mrs D remains unhappy about those matters, we may be able to consider these as a separate complaint.

My final decision

For the reasons I've explained, I don't uphold Mrs D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 13 March 2024.

Anne Muscroft
Ombudsman