

## **The complaint**

X complains about U K Insurance Limited trading as Churchill Home Insurance ("Churchill") for the way it has approached his claim following a leak at his home. He wants Churchill to reimburse the costs he has paid for repairs at the rates he incurred.

## **What happened**

X owns a flat which has another property above it. He insured his home and contents with Churchill.

In February 2023, the property above had an escape of water which leaked into X's home through the ceiling. This caused water damage to walls, ceiling and floors in X's spare bedroom. This room also had a fireplace with a fascia around it and fitted wardrobes under the affected ceiling.

He submitted a claim to Churchill. Churchill considered that because the neighbour had not been negligent in causing the leak then the claim would not be made against the neighbour's insurance but would be treated as a claim on X's own policy.

Churchill sent an assessor to X's property. The assessor observed some repair works which were required and identified that the property would need to be dried out. They prepared a brief report which detailed "rem/replace ceiling inc insulation. Strip & line walls, paint ceiling + walls" and offered to settle the repairs at £1713.04 minus X's excess. The assessor indicated that they would also instruct a drying contractor.

X was concerned that the report was very brief and did not appear to inspect or take into account the fitted wardrobes, carpets and the fireplace which were also damaged.

He asked Churchill to reassess the damage, taking into account the additional damage.

Churchill sent a second assessor who conducted a more thorough assessment and acknowledged damage to the wardrobes and fireplace. Churchill did not provide a second report to X and maintained its settlement figure.

X obtained quotes for the work needed and provided these to Churchill. These were significantly higher than Churchill's offer to cash settle. Churchill declined to increase its offer to match the quotes X had received.

X complained to Churchill. He felt that it had unfairly offered less than the work would cost to complete and the agent who was offering to undertake the work had not acknowledged the full extent of the damage.

Churchill rejected X's complaint in July 2023. It stood by the offer sum and advised that X could choose to have the work carried out by the agent or otherwise accept the settlement. It pointed to its terms which detailed that where it offered cash settlement this would be for the amount it would have paid if it did the repairs itself.

X was not happy and contacted us. He has since had some repairs completed, at significantly higher cost than the offer.

Our investigator looked into this matter and partially upheld X's complaint. They noted that there was evidence of additional damage, beyond what was detailed in the initial report. The investigator felt that Churchill should pay for all the damage to X's flat, including the carpet, fireplace and wardrobes which were omitted from the assessment, but that it could do so at the rates it would have paid for the repairs if it had carried out the work.

X did not accept that view and asked for an ombudsman decision.

I issued a provisional decision in respect of this matter in February 2024. In that provisional decision I set out that I thought that X's complaint should be upheld, and Churchill should do more to put matters right.

That provisional decision has been shared with the parties and they have been invited to comment.

Churchill has responded accepting the provisional decision. X has responded and advised that he had no further comments, other than to confirm that the wardrobe was dismantled to repair the walls.

### **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.

As the parties have not submitted any further arguments against my provisional decision, I remain of the view set out in that decision and adopt that decision and reasons as my final decision.

### **Putting things right**

In order to put matters right Churchill should reimburse X for the actual costs he has incurred to repair his home (net of the claim excess).

Churchill may scrutinise the breakdown of the costs and if there are elements of the scope of work which it considers amount to betterment then it should set out clearly to X which elements these are and why.

If there is outstanding work which X has not yet undertaken, X should provide quotes for that work to Churchill to scrutinise, and Churchill should cash settle on the lowest quote.

Alternatively, Churchill may offer to provide an alternative contractor for any outstanding work where X has not committed to a contractor already.

Finally, Churchill should pay to X £500 compensation for his distress and inconvenience.

### **My final decision**

For the reasons set out above and in my provisional decision, I uphold X's complaint and direct U K Insurance Limited trading as Churchill Home Insurance to:

- Reimburse the costs which X has paid for work which ought to have been covered under the claim.

- Add to that reimbursement amount interest at a rate of 8% per annum from the date the invoice was paid up until the date of settlement;
- Consider quotes for any outstanding work and decide whether to settle on the basis of the lowest quote, or provide an alternative contractor to complete the work; and
- Pay to X £500 compensation for his distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 19 April 2024.

Laura Garvin-Smith  
**Ombudsman**