

The complaint

Miss N and Mr S are unhappy Great Lakes Insurance UK Limited are seeking to recover amounts from them it paid out under a rent deposit guarantee policy.

What happened

Great Lakes is the underwriter of a rent deposit guarantee policy Miss N and Mr S took out. At the end of their tenancy their landlord made a claim for damage, redecoration and gardening costs.

As Miss N and Mr S disputed the damage and gardening elements of the claim Great Lakes referred the matter to a dispute resolution service. It didn't make any award for the damage but did award the landlord £1,200 for gardening costs (£300 less than the claimed amount). It also awarded around £273 for redecoration which Miss N and Mr S accepted. I understand Great Lakes has paid the award to the landlord and is now seeking to recover its outlay from Miss N and Mr S. They've disputed the amount being sought for gardening as they don't think the evidence shows the work required would cost that amount.

Our investigator thought Great Lakes acted in line with the terms of Miss N and Mr S's policy in referring the matter to the dispute resolution service. And in response to their concerns about the amount awarded for gardening it referred their comments back to that service. As that didn't lead the service to change its decision she thought Great Lakes acted fairly in paying the award to the landlord and seeking to recover that amount from Miss N and Mr S.

Miss N and Mr S didn't agree. They said the landlord hadn't provided evidence to support the costs claimed for the gardening and the dispute resolution service shouldn't have accepted the quote that was provided as fact. So I need to reach a final decision.

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.

The relevant rules and industry guidelines say an insurer has a responsibility to handle claims promptly and fairly. It shouldn't reject a claim unreasonably. I think it's reasonable to take these rules into consideration here.

Where a claim is made the rent deposit guarantee policy says:

“If You dispute the claim, We will refer it to Our Expert Evaluation Partner to adjudicate. You will be required to provide evidence to Our Expert Evaluation Partner to support Your reasons for disputing the claim. Should You fail to provide Your evidence within 21 days of Our request, Our Expert Evaluation Partner will adjudicate based on the information provided by the Beneficiary.”

The policy goes on to explain:

“If Our Expert Evaluation Partner adjudicates in the Beneficiary’s favour and You are found liable for Financial loss/Damage, We will pay the Beneficiary the amount determined to be due from You by Our Expert Evaluation Partner on Your behalf and We will seek to recover this payment from You and/or any Guarantor. If You do not pay Us, We may involve a collection agency and You may incur additional charges.”

In this case it's clear Miss N and Mr S did dispute elements of the claim their landlord had made so I think Great Lakes acted in line with the terms of their policy in referring the matter to the dispute resolution service. And while I appreciate Miss N and Mr S don't agree with the outcome that service reached that isn't something I can consider as that organisation isn't within our jurisdiction.

The policy terms say Great Lakes will pay the beneficiary the amount the dispute resolution service determines and will seek to recover that from that tenant. That's what's it's done in this case. Miss N and Mr S say the amount it's seeking to recover for gardening charges is too high but Great Lakes did refer those concerns back to the dispute resolution service which drew attention to the size of the garden, the height of the grass and the belongings that needed to be removed from it. It thought the award made was reasonable.

Miss N and Mr S also disputed the quote provided by their landlord but they haven't provided any further evidence which demonstrates that's incorrect. And I've seen the photographs of the garden from before the start of the tenancy and after which do indicate a reasonably significant amount of work would be required to restore this to its pre-tenancy condition. Given that I don't think Great Lakes did anything wrong in paying the award made by the dispute resolution service. And under the terms of the policy it's entitled to recover that amount from Miss N and Mr S. For the reasons I've explained I don't think it's acting unfairly in doing so in this case.

My final decision

I've decided not to uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N and Mr S to accept or reject my decision before 1 May 2024.

James Park
Ombudsman