

## **The complaint**

Mr I complains that Ocaso SA, Compania de Seguros y Reaseguros would not agree to increase the payments being made for a loss of rent claim on his commercial property insurance policy, and about delays dealing with the claim.

Where I refer to Ocaso SA, Compania de Seguros y Reaseguros, this includes its agents and claims handlers acting on its behalf.

## **What happened**

Mr I has had an ongoing claim with Ocaso since July 2019 for water damage to his property and loss of rent. The repairs claim was dealt with by a cash settlement some time ago, but Ocaso has continued paying monthly payments of £1,350 for loss of rent pending completion of the repairs. He's made previous complaints, which we have dealt with separately.

This complaint is about further delays and that Ocaso has refused to increase the monthly payments from £1,350 to £1,700. Mr I is unhappy that he had to keep chasing Ocaso; he says he was promised call backs that didn't happen and the service has been poor.

In October 2023, Mr I asked Ocaso to increase the monthly payments for loss of rent to £1,500. He said prices have risen due to inflation. He then asked for an increase to £1,700. Ocaso refused to increase the payments. It said Mr I hadn't provided evidence supporting the increased amount, and the tenancy agreement doesn't include anything about increasing the rent due to inflation.

Mr I says he wasn't asked to provide any documentation but has had a valuation of £1,700 to £1,800 per month for rent and wants Ocaso to increase the payments in line with this.

Our investigator said it was fair for Ocaso not to agree an increase, but said there had been delays and it should pay compensation of £150 for the distress and inconvenience caused to Mr I.

Mr I disagrees and has requested an ombudsman's 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 industry rules and guidance say insurers must deal with claims promptly and fairly, and support a policyholder to make a claim. They should settle claims promptly once settlement terms are agreed.

This complaint is not about the claim for repairs to the property, but about the amount Ocaso is paying for loss of rent.

In a previous complaint, another ombudsman directed Ocaso to pay loss of rent until the date the property becomes habitable, in line with the policy terms.

The starting point for this is the policy terms. These say Ocaso will pay “*The rent or maintenance charges you would have received but have lost including ground rent.*”

When the damage first happened, Mr I had tenants who were paying rent of £1,350 per month. That’s the amount he would have received but lost because the property could not be lived in. So Ocaso has been paying the amount he would have received in line with the policy terms.

Mr I says his evidence shows that is not the amount he would get now, if he were able to let the property to tenants. What he’s provided is an email from a letting agent saying they would market the property at £1,800 per month but aim to receive £1,700.

While that indicates rents in the area may now be higher, there’s no guarantee he would actually be able to let the property at that rate. And Ocaso said the tenancy agreement he provided didn’t include any terms supporting an increase in rent for inflation.

As the policy terms say he should receive the amount he would have received, and the amount he was receiving was £1,350, I think it was fair for Ocaso to continue paying that rate.

The claim has been ongoing a long time. Mr I contacted Ocaso on several occasions asking for an update and chasing loss of rent payments. He called about payments in October and December 2022 and was promised a call back, which he didn’t get.

Mr I chased again in March 2023. He also had to send an invoice for his council tax, which he’d already provided. And he contacted Ocaso a number of times between September and October 2023 chasing payments that were owed to him. He then asked for the rent payments not to be paid until Ocaso confirmed its position on increasing the payments.

There were some delays making payments between December 2022 and October 2023 (when Mr I asked for payments not be made) and Ocaso didn’t provide regular updates, so he was put to the trouble of having to chase Ocaso. This was upsetting and caused some inconvenience.

In the circumstances, Ocaso should pay £150 compensation for the distress and inconvenience caused.

### **My final decision**

I uphold the complaint and direct Ocaso SA, Compania de Seguros y Reaseguros to pay compensation to Mr I of £150.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr I to accept or reject my decision before 20 November 2024.

Peter Whiteley  
**Ombudsman**