

The complaint

Mrs G and Mr G are unhappy with the service provided by Highway Insurance Company Limited (Highway Insurance) following a claim made on their home insurance policy.

Mrs G and Mr G are both parties to this complaint. Mr G has primarily dealt with this service. For ease of reference I have referred to Mr G throughout this final decision.

Highway Insurance is the underwriter of this policy. Part of this complaint concerns the actions of third parties instructed on the claim. Highway Insurance has accepted it is accountable for the actions of third parties instructed by it. In my decision, any reference to Highway Insurance includes the actions of any third party instructed.

What happened

I set out the background to Mr G's complaint in the provisional decision I issued on 1 March 2024, but I'll set it out again below.

Mr G held a home insurance policy with Highway Insurance which included loss or damage caused by fire.

In July 2022 Mr G contacted Highway Insurance to make a claim following a fire in an adjacent neighbour's garden. Mr G informed Highway Insurance about damage caused to several parts of his property, including the garden, a summerhouse, and the conservatory. Highway Insurance accepted Mr G's claim. In February 2023 Mr G was informed that there had been damage to the sheets of the conservatory roof which meant that the sheets needed replacing. Mr G was told that Highway Insurance would not cover any structural repairs because the damage was only to the sheets of the conservatory roof.

In April 2023 Highway Insurance arranged for an independent surveyor from company G to inspect and review the damage to the conservatory, and provide repair options. This report concluded:

- *The insured explained that the proposal was to replace the conservatory frame only and not the masonry dwarf walls or foundations. The new frame would bear off the existing masonry walls and foundations. Several companies were approached for a quote; however, most would not agree to replacing the frame only. [Company A] did quote for frame only replacement at a cost of £18,500. [Company E] provided a quote for £33,388.*
- *The proposal to renew the conservatory frame on the existing walls and foundation is reasonable in the circumstances.*

Following the surveyor's report, Highway Insurance told Mr G that it would pay him £15,000 in full and final settlement of his claim concerning the damage to the conservatory. Mr G asked for company M (identified in the surveyor's report as being another contractor for completing repairs) to be instructed to see if a more competitive quote could be found.

Highway Insurance arranged for company M to attend. Company M provided a quote to replace the roof sheets, however said that it wouldn't be willing to undertake any additional work because *'This is an old DIY timber and aluminium conservatory structure that is in poor condition and not safe to carry out any works on.'*

Mr G disagreed with these findings, and complained to Highway Insurance about the way his claim had been handled, and company M's assessment. Mr G also expressed concern with other outstanding issues including delay in dealing with his claim, the painting of the summerhouse, and settlement of the contents claim.

In July 2023 Mr G was told in settlement of his claim for damage to the conservatory, Highway Insurance would pay 50% contribution to replacement of a conservatory (£7,000), plus the cost of replacing the roof sheets identified by company M in its report (£1,701.26). Mr G was unhappy with this, and brought his complaint to the Financial Ombudsman Service.

During our investigation Highway Insurance agreed to pay £300 compensation to Mr G. This was in recognition of the delay in progressing Mr G's claim, and the impact on Mr G. The investigator found that Highway Insurance's offer to put things right was reasonable. Mr G rejected these findings. As the complaint couldn't be resolved, it has been passed to me for decision.

I issued a provisional decision on Mr G's complaint. This is what I said about what I'd 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.

Repairs to conservatory

Highway Insurance accept that the claim for damage to the conservatory is covered. The dispute now relates to the scope of damage Highway Insurance must pay for. So I've focused my decision on this part of Mr G's complaint.

I've seen that the surveyor's report of 28 April 2023 specifically referred to replacing 'the conservatory frame only and not the masonry dwarf walls or foundations.' This report specified that 'The proposal to renew the conservatory frame on the existing walls and foundation is reasonable in the circumstances.' The only point of dispute in the report was the cost of the quote for repairs from company A for £18,500. I note company M was instructed to see if it could provide a more competitive quote.

Company M said that the 'conservatory structure is in poor condition and not safe to carry out any works on.' Although this was the view of company M, I'm persuaded the surveyor's report had identified that the work could be completed by replacing the conservatory frame only. So although company M provided an opinion on the condition of the conservatory itself, this doesn't change the surveyor's independent findings. Mr G had provided a quote from a reputable company that was willing to undertake replacement of the conservatory frame. This ought to have been relied on by Highway Insurance as a way of settling Mr G's claim.

I've considered the policy terms which explain Highway Insurance can 'make a deduction for wear and tear.' I've considered the impact of this given the surveyor's comments, which say 'it is evident that the structure is old and suffering a degree of wear and tear.'

Having considered the circumstances of this claim, I think it's fair for Highway Insurance to apply a 20% reduction to the total cost (including VAT) of settling Mr G's claim. I say this

because I have relied on the surveyor's findings when deciding how Highway Insurance must settle this claim. So it's fair for settlement of the claim to also include a deduction to reflect the surveyor's comments about the structure being old and 'suffering a degree of wear and tear.'

When thinking about the age of the conservatory, the surveyor's comments, and the extent of the damage incurred by the fire impacting the glass roof sheets, I'm satisfied 20% represents a reasonable reduction, and is in line with what this service would recommend in the circumstances.

I think a fair outcome is for Highway Insurance to settle Mr G's claim based on the findings of the surveyor's report of 28 April 2023. This includes a new frame and glass panels needed to repair Mr G's conservatory. Because of the difficulty in sourcing a windows specialist to complete this work, I think it is reasonable for Highway Insurance to accept an estimate from company A, who previously agreed to undertake this work. Highway Insurance has previously confirmed its preference to settle the claim on a cash-settlement basis. I think that's reasonable. For the reasons I've explained, I think it's fair for Highway Insurance to apply a 20% deduction to the total cost (including VAT) of settling Mr G's claim.

Claim handling

The investigator recommended Highway Insurance pay Mr G £300 compensation for the trouble and upset caused by the delay in dealing with Mr G's claim. I've considered this compensation, but I don't think it goes far enough in compensating Mr G for what's gone wrong with the handling of his claim, and the impact on him. I'll explain why.

I've seen that when offering a resolution for the conservatory part of Mr G's claim, Highway Insurance explained its offer as '50% of rebuild costs, £7,000.00 for the conservatory plus the £1,701.26 inc. VAT for the damaged roof sheets. This was due to the surveyor previously stating the roof sheets couldn't be replaced without replacing the walls of the conservatory.' This summary has been recorded in the final report dated August 2023.

I've seen Mr G repeatedly sought clarification from Highway Insurance about its position on only settling 50% of the costs, but I don't think Highway Insurance clearly explained how this amount had been calculated, or what it was based on. In an email sent on 7 July 2023 Mr G was informed 'in order for repairs to the conservatory roof to be sound, repairs would also be needed to the walls of the conservatory.'

I note Highway Insurance's continual reference to the 'costs of the rebuild' and 'the walls' not being covered. But the surveyor's report had identified that the proposal would be to 'to renew the conservatory frame on the existing walls and foundation.' This would not have resulted in a rebuild, but instead meant that work was carried out on the existing main structure. The surveyor had confirmed that 'The proposal to renew the conservatory frame on the existing walls and foundation is reasonable in the circumstances.'

Mr G had also questioned Highway Insurance's response about the walls of the conservatory being impacted, but he didn't receive an adequate response. I think earlier and clearer communication of the surveyor's findings, and the impact on Highway Insurance's position on the claim, would've helped Mr G better understand Highway Insurance's offer. This would've avoided further upset and frustration being caused to Mr G, at a time that he was already stressed with the handling of his claim, and continual delays.

I'm persuaded by Mr G's testimony about the impact on his well-being during the several months of delay while waiting for repairs to be completed. Mr G has explained how he was

deprived use of his conservatory over this period, and had to continually chasing Highway Insurance for updates. I'm persuaded this caused Mr G undue upset and stress.

It's not disputed that a claim of this type, involving a large scope and costs, can be subject to delays because of the level of scrutiny required to ensure decisions are in line with the policy terms. But as Highway Insurance was responsible for managing the claim, it should've done more to support Mr G in completing the repairs to his conservatory roof in good time. It could've achieved this by taking a more pro-active approach in managing Mr G's claim, and ensuring timely progression of it. Highway Insurance's failure to do this meant that there were parts of the claim which were not efficiently progressed, and Mr G was left chasing for updates. When communication was made with Mr G, this was sometimes poor, and unclear.

When thinking about the impact on Mr G because of Highway Insurance's poor service, I think payment of £750 is fair compensation in recognition of what's happened, and the impact on Mr G. I'm persuaded £750 reflects the avoidable delays, and the impact on Mr G over several months as a result of being unable to use his conservatory. This also recognises the poor communication with Mr G during his claim, which led to further upset and inconvenience being caused. I'm persuaded £750 recognises the significant impact on Mr G because what went wrong with the handling of the claim, but also takes into consideration the overall direction being made to Highway Insurance for settling this claim.

Contents claim for items in summer house

Mr G has confirmed he has received the inventory list supplied by Highway Insurance. It is for Mr G to return this to Highway Insurance so that this part of his claim can be progressed.

Painting of summer house

Mr G has advised he has completed painting of the summerhouse at a cost of £1,200. It is for Mr G to provide evidence of this cost to Highway Insurance for it to review, and settle, this amount in line with the terms and conditions of Mr G's policy.

Putting things right

I intend instructing Highway Insurance to:

- 1. Settle Mr G's claim for damage to the conservatory based on the findings of the surveyor's report of 28 April 2023. This includes replacing the frame and glass panels needed to restore the conservatory to its pre-incident condition.*

Mr G must provide a quote from company A (he has recently provided a quote dated January 2024, which might've changed). When settling Mr G's claim, Highway Insurance can apply a 20% deduction to the total cost (inclusive of VAT).

- 2. Pay £750*

My provisional decision

For the reasons given above, I'm minded to direct Highway Insurance Company Limited to put things right as set out above.

I invited both Highway Insurance and Mr G to respond to my provisional decision. Highway Insurance said it agreed with the provisional decision, but requested that Mr G obtain a further quote from another company, because of its concern over the cost of the quote from company A.

Mr G also accepted the provisional decision. Mr G raised further comments in respect of the outstanding part of his claim relating to his contents claim. Mr G said *'I never received clarification regarding interpretation on "repair or replacement" with reference to the conservatory. Discussions with [company S] centered around restoration or replacement, hence, initially I focused on restoration. Will [Highway Insurance] now apply this "wear and tear" rational to the inventory items outstanding settlement, too?'*

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.

Highway Insurance said it agreed with the provisional decision, but requested that Mr G obtain a further quote from another company before it settles his claim. This was because of its concern over the cost of the quote from company A.

I've considered Highway Insurance's request. I've also considered the length of the time the claim has been open for. With this in mind, I'm persuaded any direction I make which invites further opinion and options for either party, is likely to leave the claim open to further dispute. This will undoubtedly lengthen the claim even further, and prevent a timely resolution.

I accept that it's important for cost to be factored into any direction for putting things right, and for the direction to be proportionate to the claim. I note that Mr G did go through the exercise of sourcing a specialist contractor to replace the frame and glass panels, but experienced difficulty in finding a contractor to undertake this work. Mr G did obtain two quotes at the time, from company A and company E, but the quote from company E was more expensive. Because of this, company A was put forward as a suitable option- as highlighted in the surveyor's report. All things considered, I think it's reasonable for Mr G to provide Highway Insurance with a quote from company A, and for Highway Insurance to use this to settle Mr G's claim as directed.

Mr G has questioned the basis on which Highway Insurance will settle his outstanding contents claim. I've considered Mr G's comments, and I can appreciate why he feels apprehensive about how the remainder of his claim will be dealt with. But it's not the role of this service to tell an insurer how to settle a claim before it has had the opportunity to deal with it. I note Mr G is currently in the process of communicating with Highway Insurance about the outstanding parts of his claim. This is in line with what we'd expect. So I won't be commenting further on this part of Mr G's claim at this time.

I don't think Highway Insurance's or Mr G's comments materially change the outcome of Mr G's complaint, or my direction for putting things right.

Putting things right

Highway Insurance Company Limited is directed to:

1. Settle Mr G's claim for damage to the conservatory based on the findings of the surveyor's report of 28 April 2023. This includes replacing the frame and glass panels needed to restore the conservatory to its pre-incident condition.

Mr G must provide a quote from company A (he has recently provided a quote dated January 2024, which might've changed). When settling Mr G's claim, Highway Insurance can apply a 20% deduction to the total cost (inclusive of VAT).

3. Pay £750

My final decision

For the reasons provided I uphold this complaint.

Highway Insurance Company Limited must follow my directions above.

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

Neeta Karelia
Ombudsman