

The complaint

Mrs N and Mr P's complaint about Accredited Insurance (Europe) Ltd's handling of their buildings insurance claim.

What happened

On 3 March 2023, Mrs N and Mr P contacted Accredited to report that there had been a fire at their property the night before and they'd had to evacuate the property and stay with friends.

Accredited sent a representative to inspect the property who Mrs N and Mr P said told them the property was uninhabitable. Mrs N and Mr P say it was heavily smoke damaged and it was difficult to breath in there. They chased Accredited about alternative accommodation a few days later, however, after looking at photos of the damage, Accredited's claims-handler told them they could stay at the property and sleep with the windows open.

Mrs N and Mr P were very concerned about this. They say the smoke damage and smoke smell in the property was severe and they have two young children, who were traumatised by the fire and also suffer respiratory problems. Mrs N and Mr P therefore say it was not appropriate to have to stay at the property, so they continued to stay with friends in cramped conditions (I understand Mr P was on a sofa) returning home to shower.

Mrs N and Mr P say they heard nothing further from Accredited until 7 March 2023 when Accredited confirmed that they could book into a hotel until 11 March 2023, as it said the house would have been cleaned of smoke damage by then and they could move back in. However, the cleaning team cancelled and rescheduled and I understand was done on 4 April 2023. Accredited therefore authorised accommodation until 19 March 2023. However, Mrs N and Mr P said it would still not be habitable then, as it needed replastering and decorating.

Accredited agreed the property was still not habitable and authorised accommodation every few days, so Mrs N and Mr P had to keep moving hotel. Then on 12 April 2023, Accredited authorised accommodation for 31 days (ending 12 May 2023) and on 12 May 2023 agreed to extend it again to 20 May 2023. The hotel accommodation was extended further and Accredited then later authorised a one-bedroom flat and then a two bedroom house in July 2023.

The scope of work was agreed by early August 2023 and I understand Mrs N and Mr P were able to move back into the property in September 2023. However, Mrs N and Mr P are very unhappy with the handling of the claim and in particular the arrangements for alternative accommodation.

Mrs N and Mr P made a number of submissions in support of their complaint. I have considered everything they said but have summarised their main points below:

- They were expected to stay at the property, with all the smoke damage, even before it was cleaned, which was unacceptable. They explained their children have respiratory problems which would have been exacerbated by being in the house.
- The first few days were the most difficult and was when they needed help the most but they were only given accommodation after five days.
- The alternative accommodation was limited to £100-150 per night for four people, which meant they had to find a hotel further away from their home. This meant it was inconvenient for school and work.
- They had to move at least six times because Accredited would only authorise a short booking each time.
- They had to often leave one accommodation early in the morning and were not able to check into the next accommodation until later in the afternoon, so had to all spend hours in the car with their children.
- They were in one room at the hotels, with no cooking facilities so had to rely on takeaways which is not healthy and expensive.
- The cleaning was not done properly the first time and it had to be redone, causing delay.
- It was very hard to get in touch with Accredited and there were long periods of time when it did not respond, which made it very difficult and stressful for them after the fire.
- They had to pay upfront for the accommodation and wait to be reimbursed, which was difficult.
- Mr P was unable to undertake on-call work, which he usually does regularly, because of the disruption so they suffered additional financial loss.

Accredited did not think it had done anything wrong and said it provided support and alternative accommodation as appropriate.

One of our Investigators looked into the matter. She recommended that Accredited pay compensation of £450 for not offering accommodation at all for the first four days of the claim and then for not arranging suitable accommodation more quickly for the remaining time, which meant all four of the family had to share one room for periods and they had to move between hotels several times. She didn't think there had been any delays in the progression of the claim and that while she understood why Mr P chose not to do any on call work given the circumstances, he was not prevented from doing it.

Accredited did not agree with the Investigator's assessment. Accredited accepted that it should have authorised alternative accommodation in the few days after the fire but says the delay in doing so was only four days. After that, it gave Mrs N and Mr P the option of choosing their own accommodation to suit their needs.

Accredited also says it could only authorise the accommodation for short periods of time because it was not known how long would be needed for the property to be cleaned and to dry out. It says it later advised Mrs N and Mr P to source a longer-term rental and made every effort to assist with the costs of this. Accredited therefore says there was nothing more it could have done to assist Mrs N and Mr P with alternative accommodation. It says the £450 compensation the Investigator proposed is not justified for the initial four day period, which was also a period when there was an influx of claims due to the weather at the time.

Mrs N and Mr P do not accept the compensation proposed by the Investigator either. Mrs N and Mr P say the compensation is not enough and if they accepted it then Accredited will carry on doing what they are doing. Mr P says it is unfair to say it was his choice not to take any additional 'on-call' work, he was forced to make that decision because of the circumstances Accredited put them in.

As the Investigator was been unable to resolve the complaint, it was passed to me.

I issued a provisional decision on this matter earlier this month. I explained that while Mrs N and Mr P had also raised some issues with the contents claim and completion of the repairs, they were being dealt with separately and I would only be addressing the alternative accommodation part of the claim in this decision. I have copied my provisional findings below:

"Mrs N And Mr P's policy says:

"Alternative accommodation

We will pay up to £75,000 for:

- a) The reasonable and necessary costs for alternative accommodation for you and your family and*
- b) Any rent which you may have to pay*

If you cannot stay in your home because your home has become unfit for living in following loss or damage that is insured by this section.

How much we will pay for alternative accommodation will depend on your family's needs and you must agree the costs with us before you pay".

As the above term states Accredited will pay costs for alternative accommodation as well as rent, I think that includes any additional expenses (over and above what the policyholder would have spent if at home) for food and travel (as well as other expenses) while in alternative accommodation.

I also consider that it is reasonable to interpret this term as meaning that any alternative accommodation will be as similar as the insured property as reasonably possible.

Accredited initially said the house was habitable, although it smelt of smoke and had "*light smoke staining*". Mrs N and Mr P strongly disagreed.

I have seen the videos Mrs N and Mr P sent in of the damage immediately after the fire. The smoke damage is extensive in the affected areas and some ceilings and walls show a thick black coating of soot. There's also evidence of water on the ground floor as a result of the fire brigade putting out the fire.

The property appears to still have been structurally sound and so safe in that respect but I do not think that most people would have considered it habitable in the immediate aftermath of the fire. I also bear in mind that Mrs N and Mr P have two young children and they have said they have respiratory issues. Even without any special circumstances, I don't think it was reasonable to suggest they air out the property. It needed specialist cleaning twice (I understand this included dismantling kitchen units to clean the smoke damage and fumigating all the soft furnishings); and I think in circumstances such as a house fire, it would have been reasonable for Accredited to have erred on the side of caution in any event. I do not therefore think that Accredited acted reasonably in refusing to authorise alternative accommodation in the first few days.

In the absence of assistance from Accredited, Mrs N and Mr P and their two children had to stay with friends and return to the property to shower. This was not reasonable and will have caused them additional unnecessary distress and inconvenience at an already distressing time.

Accredited did later accept the property was uninhabitable. However, it seems to me that the budget provided (which I understand was £100-150 per night for four people) did not allow for suitable accommodation.

Mrs N, Mr P and their two children were put in one hotel room together. While it is not always possible to find suitable accommodation at short notice, I think Accredited could have done more to reduce the impact on Mrs N and Mr P, by helping find and authorising more suitable accommodation sooner than it did.

In addition, while in hotels Mrs N and Mr P had no cooking or clothes washing facilities and nowhere to store food. There would have been distress and inconvenience inevitably as a result of the fire and having to move out while the property was put right but I think Accredited caused additional avoidable trouble to Mrs N and Mr P.

It also seems to me that they were in alternative accommodation for at least three weeks longer than should have been necessary because of the delays in properly cleaning the property.

I also note that Mrs N and Mr P had to move six times in the period up to end April 2023 – just weeks after the incident. While I bear in mind Accredited's comments that it thought accommodation would only be needed for a short periods, it seems to me that if there had been proper oversight of the claim, much of this could have been avoided because it would have been reasonable to expect Accredited to have been able to make a more accurate assessment of how long the repairs to the property would take.

Mr P has explained that he wasn't able to do 'on-call' shifts at his place of work during this time. He said he couldn't commit to this additional work as he usually did due to the uncertainty of the accommodation and his family needing him to be with them due to the upset they were suffering. I can see that it would have been difficult to do any additional work while they were suffering the upheaval. I can only hold Accredited responsible for any impact of anything it did wrong. It seems to me likely that Mr P would have needed to be with his family more anyway because of the upset the fire itself. Overall, I do not think there is sufficient evidence for me to make an award for loss of earnings, however, I do accept that if the family had been put in suitable accommodation sooner and they'd had less upheaval, Mr P may have been able to do some additional work. I will address this further below.

As stated above, I think any other additional costs of being in alternative accommodation, over and above the rent, are also covered. I can see that Mr P queried this with Accredited and said that it was costing them a lot more in food costs, because of the lack of cooking facilities, as well as being less healthy. Accredited told him that there was no cover for this.

Mr P told our Investigator that he does not have any receipts or other proof of such costs as he did not think he would need to keep them. I do not think this is unreasonable given he was told that Accredited would not cover those costs.

It is therefore difficult for me to assess exactly what additional costs Mrs N and Mr P incurred in relation to food and travel as a result of being in alternative accommodation. Therefore I think it is appropriate to make a global award of compensation that takes into account that they would have incurred additional costs for food and travel; the impact of having to move several times in the first month in particular; being in alternative accommodation for longer than should have been necessary; and the possibility that Mr P may have been able to do some on-call work. This is not an exact science but having considered everything, overall I think the sum of £2,250 is warranted.

For the avoidance of doubt, this is in addition to the £45 per day that Accredited said it would pay, as a disturbance allowance, for the days Mrs N and Mr P stayed with friends immediately after the fire.

...

My provisional decision

I intend to uphold this complaint and require Accredited Insurance (Europe) Ltd to pay Mrs N and Mr P the following:

1. £2,250 compensation for the distress and inconvenience caused by the handling of the alternative accommodation part of their claim; and
2. five days at £45 as previously agreed, if not already paid."

Responses to my provisional decision

I invited both parties to respond to my provisional decision with any further information or evidence they want considered.

Accredited does not accept my provisional decision. It says it is perplexed how the compensation can have increased so much compared to what was recommended by the Investigator and does not agree that the proposed compensation is fair or reasonable.

It has made a number of points in response. I have considered everything it has said and have summarised the points below:

- I said that Mrs N and Mr P had to stay with friends, returning home to shower but it has evidenced that it authorised hotel accommodation on 7 March 2023, which was only four days after the claim event.
- I said it was not reasonable to put Mrs N and Mr P and their children in one hotel room and Accredited should have done more to help find more suitable accommodation but it did offer an AirB&B as well and it had found properties in the area for between £150 and £1,000 per night.
- It is normal to deal with the claim in this way until the full extent of the damage can be assessed
- It paid over £21,000 on alternative accommodation for Mrs N, Mr P and their children and so it does not agree it did not assist adequately with the cost of alternative accommodation throughout the claim.
- Our published guidance on compensation awards does not support the award I proposed. It does not think there was sustained distress or an effect on their health that our guidance says would support an award of over £1,500. Most of the disruption to Mrs N and Mr P's lives would have been due to the fire itself and not any mistakes it made. And it does not agree what the impact of its mistakes were extremely serious or sustained.
- It would propose an award of £1,000 for what it accepts was a substantial short-term impact of its errors.

Mrs N and Mr P have also responded to my provisional decision with some further comments. Again, I have considered everything they have said and have summarised their points below:

- They were told that the alternative accommodation would only be authorised until 2 August 2023, as the house would be habitable then. But there was still significant amount of work that needed to be done, so they decided to take a holiday, rather than having to pay themselves for alternative accommodation.
- Most of the work was finished by the end August 2023 but there was still some work that needed doing after they'd moved back in.
- There was a delay of over seven months in doing the agreed repair to the window, bath and floor stain and there are still some parts of the contents claim that have not been resolved.

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 appreciate that Accredited is disappointed with my provisional decision, especially given that the Investigator reached a different decision about the appropriate compensation award. However, we operate a two-tier process and as Mrs N and Mr P did not accept the Investigator's recommendation, they were entitled to ask for an Ombudsman's decision.

I did not agree with the Investigator's recommendation, so I issued a provisional decision in order to give both parties the chance to respond to my reasons for doing so. The next stage in our process is for me to consider those responses and reconsider all the available evidence and reach my final decision on the complaint. It is only an Ombudsman's decision that is binding and is the final stage of our process.

In determining what I consider is the fair and reasonable amount of compensation in this case, I have borne in mind our published guidance. However, each case is determined on its own particular circumstances and it is for me to determine what I consider fair and reasonable having taken everything into account.

I set out in my provisional decision the ways that I considered Mrs N and Mr P were impacted by the failings in service I consider Accredited made. I accept that they would have had considerable disruption and inconvenience as a result of the fire itself and having to be in alternative accommodation while the property was reinstated. However, I considered that Accredited had added unnecessarily to this. This included by the delay in authorising alternative accommodation. I do not accept that it is usual or acceptable for this to have taken four days. Accredited's representative determined correctly in my view that the property was uninhabitable when he first inspected the property but this decision was overturned by a claims-handler. In addition, I concluded that the budget authorised did not allow for suitable accommodation.

Accredited has provided a copy of a message it sent Mrs N and Mr P that said they would authorise an AirB&B and had found some in the area for between £150 and £1,000 per night. I can see that Mr P responded to that message to say he would look at the ones available for the budget of £150. I do not think this establishes that Accredited did all it could and should have done at the time to assist them finding suitable accommodation.

Accredited also says it paid a significant sum of money on alternative accommodation, so it is unfair to say it did not assist Mrs N and Mr P with this. However this was their entitlement under the policy.

In addition, my proposed award reflects the fact that Accredited incorrectly told Mrs N and Mr P that they did not have any cover for additional living costs while in alternative accommodation. Accredited has not made any comment on this aspect.

Accredited has also not commented on my provisional finding that Mrs N and Mr P were in alternative accommodation for at least three weeks longer than should have been necessary.

The award I proposed was a global award of compensation that takes into account that Mrs N and Mr P would have incurred additional costs for food and travel as well as the impact of having to move several times in the first month in particular; being in alternative accommodation for at least three weeks longer than should have been necessary; and the possibility that Mr P may have been able to do some on-call work. Overall I considered the sum of £2,250 to be reasonable.

Mrs N and Mr P also say they were expected to move back in before the property was finished and so they took a holiday instead. I can see that they would not have wanted to be at the property and there was still quite a lot of work to be done but I do not think that I can increase the award for this.

Mrs N and Mr P have also raised some other issues with regard to the contents claim and repairs but as set out in my provisional decision, I cannot address these issues in this decision.

I have considered everything again and the responses to my provisional decision. Having done so, I remain of the opinion that the sum of £2,250, together with the £45 per day that Accredited said it would pay, as a disturbance allowance, for the days Mrs N and Mr P stayed with friends immediately after the fire, is fair and reasonable in settlement of this complaint.

My final decision

I uphold this complaint and require Accredited Insurance (Europe) Ltd to pay Mrs N and Mr P the following:

1. £2,250 compensation for the distress and inconvenience caused by the handling of the alternative accommodation part of their claim; and
2. five days at £45 as previously agreed, if not already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N and Mr P to accept or reject my decision before 25 April 2024.

Harriet McCarthy
Ombudsman