

The complaint

Ms M and Mr S are unhappy with how U K Insurance Limited (UKI) handled their contents insurance claim. They are unhappy with the delays UKI caused in finding alternative accommodation, its poor customer service and the trauma caused to them and their family.

Any reference to UKI includes all its agents.

What happened

Ms M and Mr S took out an annual contents insurance policy and UKI is the underwriter.

On 11 November 2023, a fire took place at Ms M and Mr S's home which they were renting. Unfortunately, due to significant damage, their home was uninhabitable, and they had to find alternative accommodation. Ms M and Mr S are claiming on their contents insurance for the damage caused.

Ms M and Mr S and their four children had to stay with Ms M's parents from 15 November 2023 to 24 November 2023 and they say this has impacted them significantly – both financially and mentally.

They said they had to source their own alternative accommodation which they found on 24 November 2023.

They made a complaint to UKI on 21 November 2023 and received a response on 30 November 2023. This said the complaint was resolved as Ms M and Mr S had already found the alternative accommodation they were complaining about. Mr S spoke to one of UKI's senior complaints handlers who said there was a limited amount of cover on their contents policy under the alternative accommodation benefit and there wasn't anything further UKI could.

Unhappy with UKI's response, Ms M and Mr S brought their complaint to this service. They say UKI failed to provide alternative accommodation in a timely and efficient manner, and this has caused them and their family significant trauma, distress, and worry. Their Christmas break was also disrupted. They say UKI have caused delays and their processes have failed to take account of the human aspect. They also say they haven't been reimbursed for having to stay with Ms M's parents while there no alternative accommodation provided by UKI. They expect a minimum of £300 per night for the time they stayed with Ms M's parents.

Our investigator looked into the complaint. At this point, UKI offered £150 for the delays, the service provided, and the distress caused. However, Ms M and Mr S didn't accept this offer. So, our investigator looked fully into the merits of the complaint. She upheld it and said, based on the evidence available, UKI could have done more to prevent delays and could have been more proactive in its communication with Ms M and Mr S. It wasn't until Ms M brought the issues to UKI's attention that UKI took action but by that time, Ms M and Mr S had sourced their own alternative accommodation. Our investigator recommended a compensation payment of £350 to Ms M and Mr S for the distress and inconvenience

caused to them.

UKI responded and said the contents policy has a limit of £15,000 for alternative accommodation cover. It says the issue was brought to UKI's attention on 21 November 2023 and was resolved by 24 November 2023. As the landlord's policy also had alternative accommodation cover, the main cover for this would have been under that policy and UKI were working on seeking alternative accommodation under that policy. UKI says the delays occurred on the landlord's policy and they informed Ms M and Mr S about this. UKI said it thinks £150 is fair and reasonable compensation for what happened.

Our investigator reviewed what UKI had said and agreed, based on what happened, £150 was fair and reasonable compensation.

Ms M and Mr S disagreed and asked for the complaint to be referred to an ombudsman. So, it's been passed to me.

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.

Industry rules set out by the regulator (the Financial Conduct Authority) say that insurers must handle claims promptly and fairly and shouldn't unreasonably reject a claim. I've taken these rules into account when making my final decision about Ms M and Mr S's complaint.

I confirm that while there was a landlord's policy alongside this contents policy and both of which provided cover for alternative accommodation, I will only be looking at what happened on Ms M and Mr S's contents policy here. I can't comment on the landlord's buildings insurance policy even though the insurance provider is the same on both.

I want to say at the outset that I completely understand that Ms M and Mr S, as well as their family, have been through a very distressing time. I understand too that this must have been very challenging for them. I'm sorry they had to go through this.

The key issue I need to decide on is whether UKI did what was expected in ensuring alternative accommodation was provided to Ms M and Mr S in a timely and efficient manner. I've specifically looked at what happened between the damage being reported and when Ms M and Mr S moved into alternative accommodation.

I've reviewed carefully all the information provided. I can see from the information provided by both parties that Ms M and Mr S first notified UKI of the fire damage on 13 November 2023. And, in the following days, up until Ms M and Mr S called almost every day to get an update on the situation with regards to providing alternative accommodation.

On 13 November 2023, UKI were informed by Ms M that there was a landlord's policy. UKI said on this call that the alternative accommodation was part of that policy and once the landlord had reported the damage everything will be assessed and managed through that policy.

When Ms M called UKI for an update on 16 November 2023, UKI said she should speak with the landlord and if alternative accommodation couldn't be arranged through that policy, then UKI would need a letter confirming the reason why the landlord's policy couldn't provide cover for this.

On 17 November 2023, Ms M called UKI for an update. She said she had spoken to her

landlord, and he'd confirmed that he was going to speak to the assessors to either get a letter or check if that policy would provide cover for alternative accommodation.

On 20 November 2023, Ms M called for another update. She said they need to clear their contents and wanted to know what they should do. Later that day, Ms M called UKI again and advised they were staying with her mother and asked what to do with the contents as she didn't want to jeopardise her claim with UKI.

Ms M and Mr S made a complaint to UKI on 21 November 2023 about alternative accommodation not yet provided. At this point, it was noted by UKI that the landlord buildings insurance policy was with UKI also.

Once UKI was aware that the landlord policy was also with the same group, even though, it couldn't access the details of that policy, it liaised with the department and to assist with the provision of the alternative accommodation. I can see from the notes provided that it was more proactive at this point. However, by this time, Ms M and Mr S had found their own alternative accommodation.

Based on the evidence available, while I appreciate and understand that the whole situation was challenging and distressing for them, I think, once UKI was made aware that Ms M and Mr S hadn't been put into alternative accommodation, it liaised with the team responsible for the landlord's policy to ensure that this was a priority for the couple and their family. This didn't happen until 21 November 2023 so I can't make UKI responsible for everything that happened before then. The information UKI provided based on what Ms M had told it in the telephone calls from 13 November 2023 until 21 November 2023, wasn't incorrect. It also wasn't aware that the landlord's policy was with the same group until 21 November 2023 and it wasn't aware of the vulnerabilities of the family until then either.

I do think, however, that UKI had some responsibility in being proactive and checking that Ms M and Mr S had provisions in place while they were waiting for the alternative accommodation to be arranged. I can't see UKI were proactive in this regard. I can also see that it was Ms M and Mr S who had to contact UKI each time and ultimately make a complaint for them to be heard. So, I think UKI's communication could have been better, and it could have been more proactive in the way the claim was being handled.

I agree delays were caused but this was mainly due to the timing of the landlord reporting the damage, submitting the claim and providing relevant information under his policy. And I can't make UKI responsible for this element. I acknowledge that Ms M and Mr S say they haven't been compensated for the financial cost of staying with Ms M's parents and the distress this caused to the whole family. But again, I can't make UKI responsible for this, under this contents policy. I can see that there was ongoing communication thereafter between UKI and Ms M and Mr S about the remaining parts of their contents claim which is what I would've expected.

Overall, therefore I think £150 is a fair and reasonable amount of compensation for what happened. UKI attempted to resolve the issues it had responsibility for. Taking everything into account, when UKI became aware of the concerns Ms M and Mr S raised, it did what it could to ensure the claim progressed on the landlord side of the policy. It could have done better in being more proactive and trying to understand Ms M and Mr S's situation, but it has apologised for this and offered them £150 compensation in recognition of that.

I have a great deal of sympathy for the situation Ms M and Mr S found themselves in. And I can understand why they believe they should receive a more significant amount for the distress and inconvenience they had experienced. However, as an alternative dispute resolution service, our awards are lower than they might expect and probably less than a

court might award.

As such, having thought very carefully about what happened, I know Ms M and Mr S will be disappointed, but I'm satisfied £150 is fair and reasonable compensation in the circumstances of what happened. If Ms M and Mr S do now wish to accept this offer, they should contact UKI directly.

My final decision

For the reasons given above, I don't uphold Ms M and Mr S's complaint about UK Insurance Limited trading as Direct Line.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M and Mr S to accept or reject my decision before 11 June 2024.

Nimisha Radia
Ombudsman