

The complaint

Mrs M complains about the way Advantage Insurance Company Limited handled a claim made under her home insurance policy.

Any reference to Advantage includes the actions of its agents.

What happened

The circumstances of this complaint are well known to both parties, so I've summarised events.

- Mrs M has a home insurance policy which is underwritten by Advantage. Whilst the policy is administered by another company, as Advantage is the insurer, it is ultimately responsible for how its agents handled the claim. And so, Advantage is the correct respondent party.
- Mrs M made a claim on her policy in October 2022 following an escape of water. Because of the extent of the damage, Mrs M moved to alternative accommodation a few weeks later.
- Mrs M says she was told her kitchen and utility room would be removed in order to complete the repairs and that these would be refitted, but the kitchen units were disposed of without her agreement.
- Following this, Advantage initially told Mrs M it would only replace the units it had needed to dispose of (because they were damaged). Later, it said it would contribute 50% to the cost of replacing the undamaged kitchen units. But Mrs M didn't consider this to be fair. Advantage has since accepted the units being disposed of was its fault and has said Mrs M wouldn't have to contribute to the replacement kitchen and utility room.
- Unhappy with how the claim had been handled Mrs M complained to Advantage. In June 2023 it sent a final response letter in which it said its agent hadn't progressed the claim as it should, and there had been avoidable delays. It also acknowledged Mrs M had to chase it for updates, and that moving between alternative accommodation was stressful for her. So, it offered £150 compensation to recognise the difficulties she'd experienced.
- Mrs M didn't consider the compensation to sufficiently reflect the difficulties she'd faced. She made a further complaint about this and the difficulties she experienced when renewing her policy. She also raised concerns about the claim having still not progressed.
- In a second final response letter dated September 2023, Advantage acknowledged it had caused lengthy delays and said it would send a cheque for an additional £800

compensation. With regards to renewing Mrs M's policy it said it had initially declined renewing cover because its underwriters needed the final value of the claim first, but that it did subsequently agree to continue insuring Mrs M - meaning she wasn't left without insurance.

- Mrs M remained unhappy and so, brought a complaint to this Service. An Investigator considered it and said the total amount of compensation - £950 - was fair and reasonable in the circumstances. Mrs M disagreed and so, the complaint has been passed to me for 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.

Having done so, I agree with the outcome our Investigator reached. But before I explain why, it's important to clarify I'm only considering events until the date of Advantage's final response in September 2023. So, any concerns Mrs M has about how the claim has progressed after this time will need to be raised with Advantage as a separate complaint before this Service can become involved.

Advantage will be aware of its responsibility as an insurer, and as set out in the Insurance Conduct of Business Sourcebook (ICOBS), to deal with claims promptly and fairly. In its final response, Advantage said it would urgently progress Mrs M's claim to enable the repairs to commence – which is what I'd expect it to do. So, whilst it isn't necessary for me to direct Advantage to take specific steps - beyond progressing the claim promptly - I have kept this obligation in mind when considering whether the compensation it's offered fairly reflects the difficulties Mrs M experienced until September 2023.

It's not in dispute Advantage hasn't handled Mrs M's claim promptly – it accepts it has caused approximately eleven months of avoidable delays. Given Mrs M was still awaiting a date for the repairs to commence in September 2023, I'm satisfied this is an accurate reflection of the delays.

From what I've seen, the majority of these delays occurred because Advantage's agent incorrectly disposed of Mrs M's units - which in turn led to a back and forth between the parties regarding which units would be covered, and who'd bear the costs. Whilst I consider Advantage's current position to be fair – namely that Mrs M won't be responsible for bearing the costs of replacing the undamaged units - I'm in no doubt its actions have caused avoidable delays and distress.

I say this because the delays meant Mrs M had to live in alternative accommodation for longer than necessary – which in turn resulted in her having to move between accommodation. I note Mrs M has said Advantage's handling of the claim has impacted her health and mental wellbeing, and with her due to have significant surgery, the impact of not being in her home and not having a start date for the repairs, has been felt greatly by her.

Renewing the policy

Mrs M has said she also experienced difficulties renewing her policy because only a couple of days before her existing policy was due to expire did Advantage confirm it would continue to provide cover. Whilst I accept the uncertainty of the situation caused her distress, I have to keep in mind that Advantage did ultimately, agree to provide cover and Mrs M's likely concern about her home being uninsured, didn't materialise.

I note Mrs M has said the additional £800 compensation given by Advantage was specifically in respect of the difficulties she experienced when renewing her policy, so she says she's entitled to more compensation for the overall delays in the claim. But the information I've seen doesn't suggest this. I'm satisfied the £800 awarded in September 2023 was to recognise the impact of the delays throughout the life of the claim – not just at renewal.

In any event, even if Advantage gave Mrs M the impression the £800 compensation was only for the complications at renewal, I've looked at our distress and inconvenience guidance and I'm satisfied the total compensation of £950 is in line with what I'd expect it to pay for the delays it caused overall, and the impact of these until September 2023. And so, I won't be directing it to increase this amount.

My final decision

Advantage Insurance Company Limited has already made an offer to pay £950 to settle the complaint, and I think this is fair in all the circumstances. So, my decision is that Advantage should pay Mrs M £950.

If Advantage has already paid Mrs M part of this amount, it can deduct this from the total amount payable. If any previous payment was made by cheque and the cheque hasn't been cashed by Mrs M, and has, or is due to expire, it will need to reissue a cheque to ensure Mrs M receives the full amount of compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 20 May 2024.

Nicola Beakhust
Ombudsman