

The complaint

Ms C has complained about the service received from UK Insurance Limited ('UKI') under her home insurance policy in relation to a claim for water damage at her property.

For the avoidance of doubt, the term 'UKI' also includes its agents and contractors for the purposes of this decision letter.

What happened

Unfortunately, Ms C's property suffered significant water damage in January 2023, following an escape of water caused by a burst pipe in the loft. Ms C made a claim to UKI, being her insurers at the time. Ms C was in the process of selling the property and hadn't been living there for a while. In the circumstances, UKI carried out a review of the policy's terms and conditions, and its agent inspected the damage in February 2023. Subsequently, UKI did accept the claim and arranged for work to proceed.

Ms C complained to UKI about the way in which UKI had handled her claim. She said that it had failed to provide updates and that its communication was poor. She said that she wasn't told which contractors were involved, and who was attending her property. Ms C was also unhappy that items were taken from her property, especially those with sentimental value.

UKI accepted that the service had been poor and awarded £350 compensation. It carried out an investigation as to what had occurred to Ms C's missing items but was unable to establish what had happened. It nevertheless agreed in principle to make a cash settlement for these items without charging a further excess for them. For this purpose, it requested Ms C to provide further details of the missing items.

Ms C was unhappy with UKI's response and referred her complaint to this service. She considered that it was only when she'd instructed a solicitor that she achieved progress. The relevant investigator didn't think the level of compensation offered by UKI was adequate and thought that compensation of £450 would more fairly reflect the impact of UKI's accepted service failures between January and April 2023.

Neither Ms C nor UKI were happy with the investigator's view, although UKI ultimately accepted her recommendations. In the circumstances, the matter has been referred to me to make a final decision in my role as Ombudsman.

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.

As UKI have accepted and are processing this claim and have acknowledged certain service failures, the matter for me to decide is whether UKI acted in a fair and reasonable manner in relation to its response to Ms C's complaint. I don't agree that UKI's response was entirely fair and reasonable in all respects, and I agree that the compensation should be increased to £450. I'll explain why.

I've considered the submissions of the parties as summarised below. Firstly, Ms C complained about UKI's claims process, poor communication, and unnecessary delays, which she found challenging and stressful. She felt she had to deal with numerous UKI agents on a piecemeal basis, with no explanation of their various roles. This led to conflicting or inaccurate information being given. She said: *'The organisations did not appear to be communicating with each other or indeed internally.'* Several promises were made of call backs which didn't happen, and arrangements were changed for no apparent reason. She provided numerous examples of this.

Ms C felt that this disjointed approach meant that UKI's internal system didn't record that she was living away from the property. Agents would turn up unexpectedly, meaning she spent significant time contacting the agents and also her neighbours, to provide access. She said: *'It was only when [Ms C] managed to piece together the snippets of information provided by each individual organisation that she managed to work out for herself what was happening as she had never been informed by [UKI].'*

As to arrangements for inspection of her property, Ms C had left many messages to say she needed an afternoon appointment, to get to the property in time. She had to keep calling, with a 30-45-minute wait on the phone each time. She was then told that the appointment had been changed to a digital appointment. This was entirely unsuitable and eventually, a new in-person appointment was made.

Ms C was informed by her neighbour that builders had stripped out her kitchen as it was on the front garden, but she hadn't been informed that this would happen. She immediately contacted the relevant agents who informed her that her belongings were safe, however this proved not to be the case. When she visited the property about a week later, she was very distressed to discover that certain belongings had been taken away without permission and could no longer be traced. She informed UKI of the sentimental value of some of the missing items and wanted these returned rather than to receive compensation.

The relevant agent said he would investigate, but then failed to communicate with Ms C or return calls. Ultimately, UKI's agents all denied removing items from the property. A key which Ms C had left with a neighbour to enable access had been passed from organisation to organisation, and not returned to the neighbour when it had been used. She was concerned and distressed by the security issues and had made it clear that she didn't want items to be removed without her permission, including personal artwork.

Ms C said that there had then been on-going delays and problems regarding the remedial works. She accepted that building works could take some time, however she said that unnecessary delays were having a profound effect upon her. In conclusion, Ms C felt that UKI's offer of £350 in compensation was: *'woefully inadequate given the further losses she continued to suffer and also in relation to on-going delays.'*

I now turn to UKI's submissions regarding Ms C's complaint. It firstly responded to the concern about undamaged contents being removed from Ms C's property. It said that it had spoken to all parties and established that some contents had been moved into another room, however agents said they didn't remove these from the property. One agent however was *'instructed to remove waste materials following the strip out.'* In conclusion, it said it had been unable to establish what happened to the contents. UKI apologised for this, and appreciated it would have caused distress, particularly in relation to items which held sentimental value. It said it would compensate for these, and noted that Ms C had provided a list, however it requested a bit more information to allow it to issue the relevant settlement.

UKI also acknowledged that there had been some unnecessary delays whilst liability had been under review, and it agreed that Ms C should have been fully updated as to the claims process. It said: *'It's evident communication was lacking, and your queries weren't always responded to in a timely manner.'* UKI offered compensation of £350 as aspects of the service had been poor and Ms C hadn't been provided with adequate updates.

I've also considered UKI's detailed case-notes in relation to this matter. I see that there was a delay in commencing drying out of the property, and also confusion between UKI's agents as to whether plaster needed to be removed, however this post-dated the final response in relation to this particular complaint. An occasion was recorded of UKI attempting to call Ms C, however there was no answer and no option to leave a voicemail message.

I now turn to the reasoning for my final decision. I can confirm that this decision deals with Ms C's complaint from the date of her claim to the date of UKI's final response letter of mid-April 2023. Any further complaint about delays in progressing the work or communication issues following mid-April 2023 would need to be referred direct to UKI in the first instance, to allow it the opportunity to respond as appropriate to any complaint.

I have no doubt that the damage caused by the burst pipe and escape of water will have been extremely distressing and inconvenient for Ms C. This is particularly the case as she was in the process of selling the property and the damage appears to have been significant. I also note that asbestos was discovered at the property which often causes further necessary delays to resolve issues. The question for me to determine however is the extent to which UKI's acknowledged service failures in the processing of the claim added to that distress and inconvenience. Unfortunately, such damage does take time and complex project management. It inevitably involves several agents and considerable disruption.

In the circumstances, projects of this nature need to be managed carefully and with good, clear communication to ensure that the policy holder is fully aware of the role taken by each agent. It also requires regular contact from a single point of contact to avoid the issues which have occurred here.

Ms C has carefully noted the instances where she experienced communication difficulties with UKI. These are numerous and will undoubtedly have caused considerable frustration over a number of weeks. I'm persuaded that she was kept waiting on the phone for very significant periods of time and didn't receive promised call-backs on many occasions up to April 2023. She was also not kept informed of the exact nature of the claims process, or the nature of the stripping-out, and other necessary works. It would have been distressing to hear from a neighbour that the kitchen had been removed and was on the lawn.

As Ms C was living a considerable distance away from the property during the claim and unable to visit regularly, this no doubt increased the distress which Ms C was feeling. I consider that UKI should have taken extra care in the circumstances to ensure clarity, good project co-ordination, and effective communication with the policy holder. This is particularly the case in the early stage of the claim when the shock of the incident itself would still be felt. I conclude that UKI's communications were poor and caused considerable confusion. It has acknowledged these service issues.

In addition to this, I note that certain items, including some with sentimental value went missing during February 2023. I appreciate that UKI carried out an investigation and raised queries with all relevant agents. Nevertheless, it was unable to establish who had removed the items and to subsequently trace them. On the balance of probabilities, I consider it likely

that one of UKI's agents had wrongly assumed it could dispose of the items, however, unfortunately hadn't accepted responsibility for this mistake. I note that UKI has reasonably offered to pay Ms C for these items. The loss of items with sentimental value and an understandable loss of faith in UKI's agents will however have caused additional unnecessary distress and inconvenience.

The question for me to determine however, is whether the compensation offered by UKI in the sum of £350 was adequate to compensate for poor service and communication issues over the initial three-month period of the claim, as well as for the distress of the loss of items of sentimental value. This is also bearing in mind the vulnerability of the policy holder.

The service provides guidance on the awards which complainants may expect to receive where their insurer has been responsible for service failures. The service's approach to compensation for distress and inconvenience doesn't replicate awards of damages which might be awarded by the courts following formal proceedings. This service would usually require modest compensation to be paid where an insurer's service failings cause levels of frustration and annoyance which are greater than those reasonably expected from day-to-day dealings.

In this case, I don't consider that an apology alone would suffice. The guidance recommends modest compensation where there have been repeated administrative errors requiring considerable effort to sort them out. In this case, I consider that the errors were more serious, and caused considerable unnecessary distress, inconvenience, and disruption over the period between February and April 2023. I agree that in this case, compensation of £450 would more reasonably reflect the level of distress and inconvenience caused during the period in question.

I appreciate that this will come as a disappointment to Ms C as she was hoping to receive compensation to cover her solicitor's fees. She also feels that there are significant on-going issues which also merit compensation. Unfortunately, awards of compensation by this service for distress and inconvenience are not intended to cover costs where complainants choose to instruct a solicitor. As to any on-going issues, Ms C will need to discuss these with UKI in the first instance, before having the opportunity to revert to this service if she remains dissatisfied with UKI's further response.

My final decision

For the reasons given above, I uphold Ms C's complaint and I require UK Insurance Limited to pay Ms C compensation of £450 for the distress and inconvenience caused. For the avoidance of doubt, I also require UKI to settle Ms C's claim for her missing items, following receipt of necessary descriptions from Ms C.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 14 May 2024.

Claire Jones
Ombudsman