

The complaint

Mrs N has complained about the way in which Accredited Insurance (Europe) Ltd ('Accredited') handled her claim under her home insurance policy following fire damage to her property. For the avoidance of doubt, the term 'Accredited' includes reference to its representatives, agents and contractors and the term 'Mrs N' includes reference to her claims agent for the purposes of this decision letter.

What happened

Mrs N purchased a property in July 2023. Unfortunately, the property was severely damaged by fire two days later. It appears that the fire was caused by an arson attack. Fortunately, the property was vacant at the time. Mrs N reported the matter to Accredited as her home insurers at the relevant time.

Mrs N felt that Accredited had stalled in dealing with her claim and that the state of the property was getting worse due to the delays. She complained about Accredited lack of communication. She'd appointed a claims agent and solicitor, however Mrs N felt that Accredited also failed to respond to them. Mrs N described certain ill-health within the family, and she said delays were making this worse. She was also struggling to find accommodation. She wanted Accredited to authorise her agent to start enabling works.

Accredited explained that some of the delays were due to the need to instruct specialists. It said it supplied a scope of works in October 2023 and that a joint meeting had taken place in January 2024 between Accredited's surveyor, the loss assessor and Mrs N, in order to review the scope. It said that further safety work was required as regards debris and damaged flooring and no action could be taken until an architectural drawing had been completed. Contractors were appointed to make the property safe, and it was considered that a full rebuild was likely.

As to alternative accommodation, Accredited said that it had discussed options with Mrs N, however efforts to find accommodation had initially been unsuccessful. It considered that this was partly due to a third party's administrative error. It accepted that there had been other communication issues and it apologised for the lack of access to the online portal for three weeks. It said that Mrs N had insisted that it contact her via her claims agent, however she continued to write directly and this had the potential to cause confusion.

In conclusion, Accredited made it clear that a claim of this magnitude would take time to resolve, however it agreed that the process had taken longer than expected. Initially it said that it was willing to offer Mrs N £750 compensation to recognise the general service issues and later increased this figure to £1,000.

Mrs N didn't agree that Accredited had acted in a fair and reasonable manner and she referred her complaint to this service. The investigator upheld her complaint and whilst he considered that certain delays were understandable, he didn't consider that Accredited had made reasonable efforts in all respects to progress the claim. It was his view that Accredited should pay £1,500 for the distress and inconvenience suffered by Mrs N. Mrs N's raised a further complaint about the amount of a cash settlement offer and the manner in which it had

been calculated. The investigator explained that Accredited had to be provided with the opportunity to respond before that aspect could be considered by this service.

Neither Accredited nor Mrs N agreed with the investigator's view, and the matter has therefore been referred to me to reach 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.

The key issue for me to consider is whether Accredited progressed Mrs N's claim in a fair and reasonable manner up until the end of January 2024. I don't consider that it did in all respects, and I'll explain why. In reaching this final decision, I've also considered the submissions of the parties as summarised below.

I turn firstly to Mrs N's submissions. In summary, she felt that Accredited had unreasonably delayed the claims process. At the time of her complaint in February 2024, she felt no nearer to having, *'an approved schedule of repairs, with adequate costs that would enable me to restore my property to its original condition'*. She considered Accredited's scope of works to be woefully inadequate and the costing to be only 40% of the cost that Accredited's original surveyor mentioned to restore the property. She felt that Accredited were, *'plucking figures out of the air,'* in terms of settlement options offered. This led her to believe that there had been gross incompetence, ignorance, or fraud. She felt that the property was deteriorating which would add significantly to the cost and timeframe.

In relation to the standard of communication, as an example, she said that the final response letter took three weeks to arrive and referred to the duty towards consumers. She also said that Accredited hadn't explained why it had locked access to the relevant 'portal'. The service was far from what she expected and said that this had, *'led to significant physical and emotional trauma...'* A further example given by Mrs N was that she'd had to wait three months to receive out of pocket expenses for matters such as storage costs, at a time when she was suffering financial hardship. She'd also not received a promised disturbance allowance. Mrs N confirmed that she'd asked that all correspondence be sent direct to her agents and not to herself, and that this request was ignored again following Accredited's apology about this. It also hadn't responded to her solicitor's letters.

As to alternative accommodation, Mrs N was finding the difficulties hard to handle. She referred to both her own and her husband's ill-health, which she felt were being made worse by the way in which Accredited was handling her claim. She didn't think that Accredited understood or cared about the devastating impact the arson attack had, as well as the lack of ongoing response. In conclusion, she felt that Accredited had deliberately put barriers in the way of her making a valid claim. She accepted that the claim was large and complex, however felt that Accredited should have taken charge of the claim from the start.

I now turn to Accredited's submissions regarding this case. It provided background details as to its actions in the early stages of Mrs N's claim in relation to the necessary building works. It had instructed various agents and contacted Mrs N in mid-August 2023 to provide an update, stating that it had chased its surveyor, however that he was awaiting a visit from a structural engineer. It said that it had then supplied a scope of works for the reinstatement of the house in mid-October 2023. It subsequently met with Mrs N in January 2024 to discuss the way forward. Accredited said that this was a complex claim, and the scope of works was a *'moving document'* which could be varied several times before it would be satisfied that it accurately reflected the costs of bringing the property back to its pre-loss condition.

As to communication, Accredited considered that it had maintained contact throughout the relevant period and responded to Mrs N's agent within reasonable time-scales. It apologised that there'd been a delay in the payment for invoices, however it said that it had to ensure that it had all of the necessary information before agreeing payment. As to lack of portal responses, Accredited said that when a third party was involved, this could make the claim more complex. It apologised that Mrs N's expectations weren't well managed. It said that its final response letter was issued on the portal which had been deactivated to ensure that communication went through her agent only as requested. It considered its communication to have been fair and reasonable in all the circumstances.

As to alternative accommodation and a concern that invoices hadn't been paid, Accredited had asked for more information, as it understood that Mrs N had been staying with family. Accredited said that it did empathise with Mrs N's situation, however it felt that many of the delays were due to *'the policyholder being very specific on what the rental property was'*. As to its contact with the relocation company suggested by Mrs N's agent, it said that delays were caused as the company used an incorrect e-mail throughout September and October and this was a large portion of the process. Accredited said that properties had fallen through due to Mrs N's very specific requirements for her family and the company referred to the lack of housing stock generally. An opportunity in December 2023 appeared to have been successful and this was cash-settled for six months.

Having considered all of the above, I now provide the reasoning for my final decision in this matter. I note the Accredited appears to have accepted that Mrs N claim is valid, as I've not been provided with any evidence to question whether an insured event had taken place, or any police report regarding the incident itself. I also note that Accredited has now provided options of settlement of Mrs N's claim and that Mrs N is raising a further complaint as to the detail and nature of these options.

As explained above, this final decision letter doesn't deal with any complaints which post-date the final response letters issued in January 2024. Accredited must firstly be given the opportunity to deal with any such complaints. The amount and manner of settlement and the various options put forward by Accredited are unfortunately not therefore matters which I can determine within the scope of this decision letter. However, with a potential rebuild project of this size, the scope of works and manner of rebuild clearly needs to be the subject of urgent, proactive and constructive discussions between the insurer and policyholder. I would therefore urge both parties to act accordingly and to make every effort to ensure that the necessary work is completed within a reasonable timeframe.

The event itself will have been traumatic for Mrs N and her husband due to the almost total destruction of the property by fire. Unfortunately, it's inevitable that the claims process will be complex. This will in itself cause policyholders unavoidable stress and inconvenience. Instruction of appropriate professionals and contractors will take some time and the scope of works will inevitably need some adjustment as the project advances.

For the period between the reporting of this most unfortunate incident and the end of January 2024 however, I can't say that Accredited progressed matters as rapidly and proactively as would be expected. I consider that the period of three months to produce an initial scope of works was excessive. I also consider that the further period of almost three months to then ensure a meeting with Mrs N to discuss the way forward and to then provide options for settlement to have been excessive. In the circumstances, I consider that this failure alone to progress matters within the relevant time scale was unfair and unreasonable.

With regard to communication, I note that Accredited accepted that it had uploaded a final response to the portal in error, and later provided it to Mrs N's agent directly. Accredited said

whilst Mrs N insisted that they only contact her agent she continued to write directly. I can understand that this will have caused some confusion. However, I can also understand Mrs N's frustration and her wish to progress matters, and I'm persuaded that, putting aside this one example, there were several other instances, where she felt that Accredited had failed to respond or to keep her updated as to progress. I consider that overall, Accredited hadn't kept Mrs N fully and fairly updated.

As to alternative accommodation, due to the time it's taken to date to progress this claim, I note that Mrs N has been unable to settle into the home she'd purchased for herself and her husband. Whilst I can't hold the insurer responsible for the incident itself, and whilst living in alternative accommodation inevitably causes distress and inconvenience, I consider that the unreasonable delay in progressing the matter means that the period of alternative accommodation has also been extended. Having said this, I appreciate that Accredited made considerable efforts to source accommodation via Mrs N's agent's suggested relocation company, and Mrs N's requirements were very specific, so I can't say that Accredited was responsible for the delays in sourcing accommodation and so don't consider these efforts to be unreasonable.

In conclusion however, I consider that compensation of £1,500 for the distress and inconvenience caused to Mrs N for avoidable delays in the period up until the end of January 2023 is a fair and reasonable figure and would accord with the service's guidelines. The claim was reported in July 2023 and the repairs or rebuild are yet to be scheduled. I find this to be a longer than would reasonably be expected, notwithstanding the complexity of the project. This unreasonable delay will have increased the distress and inconvenience which the incident itself and the normal claims process would have caused.

In the light of Mrs N's ill health and her husband's circumstances, I find that these delays would have caused substantial distress, upset, worry and inconvenience for an extended period of time. Whilst Accredited apologised in its final response to Mrs N, and accepted that it had taken longer than hoped to reach this stage, I don't consider that £750 or indeed £1,000 adequately recognised the distress caused, bearing in mind that Accredited was aware of the family's difficult personal circumstances.

My final decision

For the reasons given above, I uphold Mrs N's complaint and I require Accredited Insurance (Europe) Ltd to pay compensation of £1,500 in total to Mrs N (less any compensation amount already paid) for the distress and inconvenience caused by its handling of this claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 12 July 2024.

Claire Jones
Ombudsman