

The complaint

Miss F complains about Great Lakes Insurance UK Limited's handling of her home insurance claim. She's unhappy about a delay in carrying out repair work which meant she was unable to stay in her property for several months.

Great Lakes is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of its agents. As Great Lakes has accepted it is accountable for the actions of the agents, in my decision, any reference to Great Lakes includes the actions of the agents.

What happened

In June 2023, contractors attended Miss F's property to carry out repairs to the drainage which related to a claim she'd made under her home insurance policy. The engineer put a camera down the pipework and found a blockage but didn't complete the repairs. After the engineer left, Miss F found that her sink, dishwasher and washing machine were overflowing.

Miss F made a home emergency call out and another engineer attended but the issue wasn't fixed. Miss F and her family were left with no cooking or washing facilities, so they went to stay with relatives.

Great Lakes said it would pay Miss F a disturbance allowance of £15 per adult and £10 per day. Miss F said this wasn't enough to cover her additional costs from living away from home. She was also unhappy about delays in resolving the plumbing issue and in paying her the disturbance allowance.

Great Lakes responded to Miss F's complaint in mid-August. It apologised for a delay in arranging for drainage works to be carried out. It said these were due to commence a few days later and would take around five days to be completed. It said it was issuing Miss F a payment of £2,880 for the disturbance allowance. It apologised for any inconvenience and distress caused to Miss F and offered her £200 compensation for this.

Miss F asked our service to look into her concerns. She said she'd been chasing Great Lakes for the £200 compensation it had offered her. She said she was told on several occasions she would receive disturbance allowance at a daily rate of £25 per adult and £15 per child and was then told she would only receive £15 per adult and £10 per child. The payment she'd received was much too low.

Miss F said she'd made a loss on childcare because to retain her child's position at nursery, she still had to pay nursery costs whilst away from home. She'd had to stay at her parents' and friend's houses in a different city. She said Great Lakes had agreed to reimburse her for her parking charges whilst she was staying away but she had not received this.

Great Lakes sent Miss F another complaint response letter in October 2023. It said that when she spoke to it on 14 August and explained the disturbance allowance should cover her for 78 days rather than 73, its advisor recalculated the disturbance allowance and

advised her she was entitled to another £240. A payment of £440 was made which covered the additional £240 disturbance allowance along with £200 compensation.

Great Lakes said Miss F had contacted it on 21 August and said she should have been paid £25 per day per adult and £15 per child. She was informed this was incorrect and given the correct rates. Miss F said she had incurred costs for parking she'd like Great Lakes to pay. She had then emailed details of the parking costs as well as other costs incurred for childcare fees.

Great Lakes said it had sent Miss F an email on 1 September to explain it could only consider the fuel costs and parking fees incurred. The email advised it could pay £25 per day for disturbance allowance. She was also sent another email advising her that the disturbance allowance was £25 per adult per day and £10 per child.

Great Lakes said it had initially informed Miss F it could pay £15 per adult per day and £10 per child for the disturbance allowance and this was correct. Payment was made to her based on these rates which meant she'd been paid a total of £3,120. However, as it had later agreed in writing to pay her £25 per day per adult, it felt it should honour this promise. It said the total she should have been paid was £4,680 and it had arranged for an additional £1,560 to be paid to her. It said it was also paying her £135.71 for the parking and fuel costs and another £100 compensation for distress and inconvenience.

After contact from our investigator, Great Lakes also said it was willing to pay Miss F interest on the additional amount from the date it told her the incorrect rate to the date it was paid. This worked out to be £16.75.

Miss F remained unhappy. She commented that the extra disturbance allowance, parking charges and the £100 were paid well after her complaint was raised. She said she hadn't received the interest payment nor the £200 compensation fee. She wasn't happy with the outcome, given it had taken Great Lakes from June to the end of October to sort it out. Our investigator thought Miss F's complaint should be upheld. She recommended Great Lakes pay interest on late payments and award another £100 compensation on top of what it had already offered.

Miss F disagreed with our investigator's outcome. She provided bank statements to show she hadn't received a sum of £200 from Great Lakes. She was unhappy that Great Lakes hadn't agreed to cover her child's nursery fees which exceeded £1,000. She said being away from home was particularly challenging as her husband suffers from cancer. Great Lakes had added to their stress with misinformation from multiple people. She didn't think £400 was enough to compensate her.

Great Lakes said it had already advised the £200 compensation was bundled with other claims costs, so Miss F should be looking for a payment of £440. Childcare costs wouldn't normally be covered under the policy, but it could see it had paid Miss F a substantial amount in disturbance allowance. It was sorry to hear of Miss F's husband's ill health and the stress that had been caused. It said a total of £400 compensation had been agreed across all the complaints logged, and it was willing to increase this to £600.

Our investigator put Great Lakes' offer to Miss F but she said she wasn't content to settle her complaint for an extra £200.

I issued a provisional decision on 22 May 2024, where I explained why I intended to uphold Miss F's complaint. In that decision I said:

“I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Based on what I’ve seen so far, I intend to uphold Miss F’s complaint. I’ll explain why.

I’ve considered everything Miss F has told our service, but I’ll be keeping my findings to what I believe to be the crux of her complaint. I wish to reassure Miss F I’ve read and considered everything she has sent in, but if I haven’t mentioned a particular point or piece of evidence, it isn’t because I haven’t seen it or thought about it. It’s just that I don’t feel I need to reference it to explain my decision. This isn’t intended as a discourtesy and is a reflection of the informal nature of our service.

Disturbance allowance

Under the “alternative accommodation” section of the policy’s terms and conditions it says: “We’ll pay reasonable costs for alternative accommodation for your family if your home is made uninhabitable as a result of damage to the buildings caused by any of the covers under the Buildings section.

This includes:

- The additional cost of similar accommodation, including that required for any pets living with you...*

This doesn’t cover any costs that you:

- Have to pay once the home becomes habitable again*
- Agree to pay without our prior permission...”*

The purpose of alternative accommodation is to cover the reasonable additional cost of temporarily rehousing a policyholder and their family when their home becomes uninhabitable. It would normally cover costs such as rent or hotel fees that had been agreed by the insurer.

Miss F and her family stayed with relatives and friends while their home was uninhabitable, rather than staying in a short-term let or a hotel. So, Great Lakes offered to pay Miss F a disturbance allowance to help her with additional costs she incurred. I think this was reasonable under the circumstances.

According to Great Lakes’ notes, on 24 July it told Miss F the disturbance allowance would be paid at a rate of £15 per adult and £10 per child per day. Payments issued to her in August were calculated on this basis.

However, in September, Great Lakes told Miss F the disturbance allowance rate was £25 per adult per day and £10 per child. It says she was told this in error. Nevertheless, it agreed to honour the higher amount and paid her an extra £1,560 in October 2023.

Miss F says she incurred additional childcare costs because her child was unable to go to nursery while they were away from home. However, the first time she appears to have mentioned this was in mid-August, which was shortly before they were due to move back into the house.

I appreciate Miss F was staying quite a distance away from her home, which prevented her child from going to his normal nursery. I also understand Miss F still needed to pay these fees to keep his place open. However, I don’t think it would be reasonable to expect Great

Lakes to cover these costs when it doesn't seem to have been made aware of this situation. If Miss F had told Great Lakes she would be incurring additional childcare costs if she stayed at her friends and relative's homes, it would have had the opportunity to consider providing alternative accommodation closer to her home instead.

In any event, Great Lakes agreed to pay Miss F much more for the disturbance allowance than it intended to. It paid her an additional £1,560 because it mistakenly told her the wrong rate. This extra amount should be more than sufficient to cover Miss F's childcare costs, which she says were around £1,000.

Great Lakes has paid Miss F a total disturbance allowance of £4,680 for a period of around eleven weeks. It's also paid her £137.51 for parking and has offered to pay her £16.75 interest to compensate her for a delay in paying the additional disturbance allowance. I think this is sufficient to cover the unavoidable additional costs Miss F incurred from being unable to stay at her property.

Distress and inconvenience

In its final response letter of 14 August 2023, Great Lakes offered Miss F £200 compensation for distress and inconvenience. Miss F says she hasn't received this. However, Great Lakes says this payment was raised on 14 August 2023 and paid alongside £240 that was owing for the disturbance allowance.

Great Lakes has noted making the £240 payment for five days extra disturbance allowance. But I think it was actually for six days as the rate was £15 per adult and £10 per child, which would make the total daily rate £40.

Miss F's bank statement shows she received two payments on 16 August 2023. There is a transaction of £2,880, which works out to be 72 days disturbance allowance (at £40 per day). The other transaction is for £440, which shows that £200 was paid in addition to the £240 for the extra disturbance allowance.

So, I'm satisfied that Great Lakes has paid Miss F the £200 it offered her in its final response letter of 14 August 2023.

In its final response letter of 19 October 2023, Great Lakes said it was paying Miss F another £100 compensation and she's confirmed receiving this.

Great Lakes agreed to pay Miss F the further £100 our investigator recommended and has subsequently offered to pay her an additional £200. This brings the total compensation for distress and inconvenience up to £600.

Miss F doesn't think this is enough to put things right. She says the person who unblocked the drain took half a day to do the job so the issue should have been resolved much more quickly. She says living away from home was particularly distressing for her partner who suffers from cancer.

Great Lakes has acknowledged there were delays in progressing Miss F's claim. It says the initial contractors misdiagnosed the issue and this led to a delay in works being carried out to rectify it. It says there were more than two months of delay that could have been avoided.

Having reviewed the information available to me, I also think Great Lakes' communication with Miss F could have been better. I understand Miss F spent a lot of time chasing for the works to be carried out and to be paid her disturbance allowance. It also gave conflicting information about the disturbance allowance rate which led to some confusion.

I don't doubt this was a distressing time for Miss F and her family, who weren't able to live in their home for around 2.5 months. However, £600 is in the range of what our service would typically award where a business is responsible for causing considerable distress, upset and worry and / or significant inconvenience and disruption that needs a lot of extra effort to sort out. So, I think this amount reasonably recognises the distress and inconvenience Miss F experienced as a result of Great Lakes' poor service.

I've explained why I'm satisfied Miss F received Great Lakes' initial offer of £200 for distress and inconvenience in August 2023. Great Lakes says it paid her a further £100 in October and Miss F has confirmed receiving this. It's unclear if Great Lakes has paid Miss F the additional £100 our investigator recommended, and I assume it hasn't yet paid the £200 it's offered on top of this. So, to put things right Great Lakes should pay any additional amount it needs to pay to bring the total award for distress and inconvenience up to £600."

I set out what I intended to direct Great Lakes to do to put things right. And I gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

Responses

Miss F said that she rejected the £200 offer by Great Lakes. She said, in addition to the compensation, Great Lakes must compensate her for the wet/dry vacuum its engineer used and broke on the second call out. She said she was shocked anyone would send an engineer out without any equipment to make things right and then have to rely on the customer's equipment to do so. She said there was evidence of this in the phone calls.

Great Lakes said it was happy with my findings, and it would arrange for the additional compensation to be paid as per the decision when it's finalised.

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 can't see any reference to Miss F claiming for compensation for her broken vacuum cleaner in Great Lakes' notes or in its responses to her complaints. So, I haven't considered this matter here.

Our service may be able to consider Miss F's claim for a financial loss from her vacuum being broken as a separate complaint. But Miss F would first need to raise this with Great Lakes.

Putting things right

Great Lakes should:

- Pay Miss F the £16.75 interest it offered to pay her, if it hasn't already done so and
- Ensure Miss F is paid a total of £600 compensation for distress and inconvenience.

My final decision

For the reasons I've explained, I uphold Miss F's complaint and direct Great Lakes Insurance UK Limited to put things right by doing as I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 3 July 2024.

Anne Muscroft
Ombudsman