

## The complaint

Miss K complains about how esure Insurance Limited (esure) dealt with a claim under her home insurance policy for alternative accommodation following a leak at her property.

esure use agents to administer the policy and to assess claims. References to esure include these agents.

This decision covers Miss K's complaint about esure's settlement offer for a further period of alternative accommodation while her property was being reinstated following the leak. It doesn't relate to the cash settlement made by esure for the reinstatement work.

## What happened

In December 2022 there was an escape of water from a burst pipe in the loft at Miss K's property. She contacted esure to tell them about the incident and lodge a claim. esure appointed a loss adjuster (S) who assessed the claim and subsequently esure made a cash settlement of £19,129.45 in April 2024 (net of the policy excess of £700). The settlement was issued in the form of a cheque.

After the incident, Miss K initially moved out of the property and stayed with relatives, for which esure paid a disturbance allowance covering January to March 2023. As part of the assessment and settlement of the claim, esure agreed to pay for alternative accommodation for Miss K while the reinstatement work was carried out by the builder she engaged. esure agreed costs for alternative accommodation from 21 April to 26 May 2023 (£3,091.93) based on an invoice provided by Miss K. They initially paid £2,369 (on 26 April) followed by a further £259.48 on 18 May and £463.45 on 9 June (esure mis-read the invoice).

The builder agreed work would commence as soon as they received payment, estimating it would take six to eight weeks to complete. Given the estimated time to complete the work, Miss K booked a further period of alternative accommodation from 26 May to 25 June 2023 at a cost of £3,000.

However, there was a delay in the work commencing due to delay in the materials ordered for the work to be received and a lack of workforce. Miss K said there was a delay of two to three weeks for the materials as she'd had to use part of the cash settlement to pay for the alternative accommodation – so she couldn't provide the builder with the funds to order the materials. The delay in payment also affected the availability of the workforce.

However, esure only agreed to contribute £1,500 towards the further period of alternative accommodation, on the understanding the reinstatement work would take six weeks (from discussion with the builder). And while they recognised materials availability was affecting many building projects, the specific issues with availability of materials and workforce weren't their responsibility.

Miss K then complained to esure. She said she'd told esure she might need to extend her alternative accommodation as the reinstatement work might not be complete by the date originally estimated. She said esure didn't dispute this at the time, nor did they say she

wouldn't be able to continue in alternative accommodation. She'd told esure two weeks before the alternative accommodation was due to end the work would take longer. She'd had to pay for the additional period herself (at a cost of £1,500). She wanted esure to pay for the full cost of the further alternative accommodation (£3,000) as she said esure implied to her they would.

esure considered Miss K's complaint, but they didn't uphold it. They said they'd reviewed the approach and settlement offered by their Claims Department and concluded she had been treated fairly and in line with the policy terms and conditions.

Miss K then complained to this Service. She'd told esure she might need to extend her alternative accommodation as the reinstatement work might not be complete. esure didn't dispute this at the time, nor she wouldn't be able to continue in alternative accommodation. She'd paid for part of the alternative accommodation herself (at a cost of £1,500). She wanted esure to pay for the full cost (£3,000) as she thought they implied they would – not just half of the cost (£1,500)..

Our investigator upheld the complaint, concluding esure hadn't acted fairly. Miss K was unable to provide the builder the funds to order the materials as she used some of it to pay for the alternative accommodation. As the settlement was paid by cheque, the investigator thought it would have led to a delay in Miss K receiving it and paying the builders. And there was a delay while esure paid the full amount for the alternative accommodation.

Taking these points into account, the investigator thought esure should pay the full additional £3,000 for alternative accommodation, not just the contribution of £1,500 they'd offered. She thought esure were always aware the works would take up to eight weeks, so they should paid the full cost (plus interest). She also thought esure should pay £100 compensation for distress and inconvenience.

esure disagreed with the investigator's view and asked an ombudsman review the complaint. They said they hadn't been provided with evidence to support the £3,000 cost Miss K was claiming. They also thought the works were delayed as Miss K didn't use the settlement to pay the builder, so they could order materials. As the settlement was over £19,000 they didn't think Miss K wouldn't be able to pay the builder to enable the work to commence.

Also, the builder said there was a delay in receiving materials once ordered, something for which esure didn't consider they were responsible. Nor were they responsible for the builder's workforce being unavailable and any alternative accommodation required as a result. Issuing the settlement by cheque was a business decision by them – it didn't cause delay and it wasn't uncommon for insurers to make settlement by cheque.

### **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.

My role here is to decide whether esure have acted fairly towards Miss K.

The key element of Miss K's complaint is esure only offering to contribute £1,500 towards the cost of the further period of alternative accommodation (for which Miss K paid £3,000). Miss K said she told esure the work could take longer and they didn't indicate they wouldn't cover the cost. esure say the delays in completing the work were due to availability of materials and workforce, for which they aren't responsible. They also say the builder told them (when contacted) the work would take six weeks from the date it started.

Looking at the sequence of events, esure's note of their discussion with the builder (on 20 April) indicates they confirmed the work would start 'straight away' from when they received payment. They estimated the work would take six to eight weeks. Taking the dates and estimate of completion, this suggests the work would be completed from around the first week in June to the middle or late June.

As payment of the settlement for the work was issued (by cheque) on 24 April, allowing up to five working days (as esure indicated) for it to be received would mean Miss K may not have received it until nearly the end of April (and paid it, or a portion of it, to the builder). So, it's likely the builder wouldn't have been able to start (from when they received payment) until the very end of April or beginning of May. On their estimate of completion between six to eight weeks later, this would have put completion at the middle to end of June. In the event, Miss K moved back into her property the day after the further period of alternative accommodation came to an end.

There's also an email from esure to Miss K in mid-May noting Miss K saying the work would take longer to complete and asking her to get the builder to confirm an estimated completion date and [her] provide further alternative accommodation costs for them to review. At the beginning of June, esure again ask Miss K for a revised completion date for the work. The following day, there's an email from the builder confirming work is under way, but stating:

*"..due to delays with materials and workforce it has taken slightly longer than expected, it is now due to be completed on 25 June 2023 with Miss K ready to move back in the following day."*

esure then email Miss K to say they will make 'a reasonable contribution' of £1,500 towards the additional costs of alternative accommodation, as they didn't consider they were liable for the delays in completion due to materials and workforce.

Miss K says the delay in materials was about two or three weeks as she had to pay the cost of the further accommodation from the settlement for the work. The timing of the receipt for the second period of alternative accommodation is consistent with this. And the workforce availability issue was linked to the materials ordering and availability issue, which Miss K thought was a few days.

Miss K has provided a copy of the invoice for the further period of alternative accommodation (£3,000) esure say they never received a copy of the invoice – although their email to Miss K offering £1,500 contribution refers to a receipt for the cost.

I've thought carefully about all these points, and while I recognise what esure say about their not being responsible for delays due to availability of materials and workforce, in the circumstances of the case I've concluded they haven't acted fairly towards Miss K in offering a contribution towards the additional alternative accommodation costs.

The timeline indicates the estimated completion date for the work was up to eight weeks, which as I've said would have been around the end of June taking account of the likely date esure's settlement for the work would have been received and then used to pay the builder, so they could order materials. esure also acknowledge wider delays for materials in other projects. And the actual completion date is within the timeframe indicated by the builder in their initial contact with esure.

In the circumstances, I think it reasonable for Miss K to have booked the further period of alternative accommodation, consistent with the initial estimate of the completion of the work. And the evidence indicates she provided a receipt for the cost to esure at the same time she paid the invoice.

Given these conclusions, I've considered what esure should do to put things right. I think they should reimburse Miss K for the second period of alternative accommodation (£3,000) In doing so, they should take account of any payment they may have made (the £1,500 contribution offered) as appropriate. As Miss K has provided evidence supporting her payment of the invoice for the further alternative accommodation, esure should also pay interest, at a rate of 8% simple, from the date Miss K paid the invoice to the date they reimburse her the £3,000 cost.

Given the circumstances of the case, they should also pay Miss K £100 compensation for distress and inconvenience.

### **My final decision**

For the reasons set out above, it's my final decision to uphold Miss K's complaint. I require esure Insurance Limited to:

- Reimburse Miss K for the second period of alternative accommodation (£3,000), taking account of any payment they may have made (the £1,500 contribution offered) as appropriate.
- Pay interest, at a rate of 8% simple, from the date Miss K paid the invoice to the date they reimburse her the £3,000 cost.
- Pay Miss K £100 compensation for distress and inconvenience.

esure Insurance Limited must pay the compensation within 28 days of the date we tell them Miss K accepts my final decision. If they pay later than this they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 24 July 2024.

Paul King  
**Ombudsman**