

The complaint

Mr M complains that U K Insurance Limited (UKI) has failed to treat him fairly when handling a claim made on his commercial buildings insurance policy.

What happened

Mr M notified UKI of a claim for his property via his broker on 19 May 2023. Damage had been caused to his rental property by the previous tenant and he asked UKI to cover this under the insurance.

There were some delays with the claim handling at the start and Mr M complained to UKI at the end of June 2023 about the time it took the loss adjuster (LA) to contact him and the overall progress of the claim. This was looked into by UKI with it issuing a final response on 22 August 2023.

UKI said it was releasing the interim payment which covered the loss of rent and the payment for the repair works to be completed, less the policy excesses. The final response included a breakdown of the claimed items and the excess attributed to each. If the item claimed for was less than the value of the policy excess, a payment wasn't made.

Mr M raised a further concern with UKI about the application of the excesses to his claim and whether it had fairly done this and covered all of the items he felt it should have. He contacted this Service on 8 November 2023 to raise his concerns and UKI issued a second final response on the complaint on 12 January 2024.

UKI said it had reviewed the claims and although there is internal and external damage in different rooms within the house, it has agreed to apply only one excess of £1000 for Malicious Damage and one of £250 for Accidental Damage. As a result a further payment of £1190.00 was due for the claims that fell within the excess amounts.

It had also looked at the concerns Mr M had raised about the Tenancy Deposit Scheme (TDS) and that a payment had been raised for this to cover unpaid rent. As such the TDS payment had not provided any cover for the damage claimed for and it agreed to raise a payment of £1788.00 to cover this. It also agreed to raise a further payment for £1190.00 to cover the cost of rubbish removal from the property.

UKI also awarded £300 to apologies for the overall service and experience of the claim, together with a payment of £310 to represent 2 months' worth of council tax as a goodwill payment.

Mr M continued to ask this Service to look into his complaints. These were set up as two separate complaints, the first focused on the delays up until the point the payment was made for the claim and the final response was issued on 22 August 2023. This was considered under another reference and closed when Mr M accepted the outcome recommended by our investigator.

The second complaint was focused on the response and details of the claim and what UKI

said in its January 2024 final response.

Our investigator looked at the complaint under this reference number and said they felt UKI had acted fairly when deciding to only apply two excesses to the claim. And he felt it was fair to include the other payments previously not considered. But he didn't think it had gone far enough with the award for distress and inconvenience. He said there had been an overall delay to the claim of around four months and with this, he felt a further £200 should be paid by UKI together with a payment to cover an additional two months council tax.

Mr M agreed broadly with the outcome but said there was still a number of items that had not been covered, even after the change in the number of excesses had been applied. He asked if these could be included.

UKI said it did not agree with the recommendation. It highlighted a complaint about the delays had already been considered by this Service and it didn't think it was fair to consider this again with this complaint. It also questioned where the delays of four months were and asked our investigator to provide details on this. It also didn't think it was fair to ask it to pay for another two months council tax. As it disagreed, it asked for the complaint to be reviewed by an ombudsman.

Our investigator didn't provide anything further to UKI in reference to the delays but asked for its comments on the items not included in the overall settlement figure now paid and I've considered what it said when reviewing this file.

I issued a provisional decision on this complaint on 23 July 2024. I explained that I was planning on reaching a different outcome to that of our investigator.

I said I was not commenting on the issues raised by Mr M about delays as these concerns had been brought to us under a separate reference and dealt with by UKI separately too. This complaint had been resolved after Mr M agreed with the proposed outcome of our investigator.

My focus was on the actions of UKI after this and what it addressed in its final response issued in January 2024. Namely, had UKI fairly considered the claim and done what it said it was going to in relation to this. Mr M felt items were still outstanding from his settlement and additional excesses were still being applied which was affecting this.

I didn't think UKI had amended the claim to reflect items to now be included which had previously been removed because of the additional excesses. But I felt the award it had made of £300 together with a payment for 2 months council tax was a fair settlement for the distress added by UKI with how it has handled this claim with Mr M needing to chase it multiple times for things to be covered which could have been from the start.

UKI responded to say it believes it has paid for all items except for the utility door, previously categorised as claim 10. It said this has not been paid because it is waiting on Mr M to provide an invoice or estimate of the costs. But all other costs have been paid.

Mr M initially said he accepted the proposed resolution but later provided additional comments for consideration in reference to him needing to spend time chasing UKI for an answer.

Mr M highlighted his complaint is that UKI were not acting fairly from the beginning with the handling of this claim and made the situation more difficult and stressful than it should have been. Examples of this were it incorrectly deducting the retained deposit amount from the settlement figure and it not agreeing to cover the cost of rubbish removal until the complaints

were raised. Overall, he feels more compensation should be paid to reimburse him for the time spent dealing with the claim, inconvenience and costs he's incurred.

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've decided to uphold this complaint in line with my provisional decision. I appreciate Mr M will be disappointed with this, but I'll explain why.

UKI has demonstrated it has paid all items claimed for and that no additional excesses have been applied. The only exception to this is the utility door, previously addressed by it as claim 10. So I am satisfied it has considered everything beyond this and I would expect it to consider the utility door upon receipt of invoices/quotes from Mr M for the repair works needed.

When a claim is made there is always a level of distress and inconvenience and it is accepted here, across the two complaints, that Mr M has been subject to more distress and inconvenience than could be considered reasonable. As a result, UKI has made an offer to put things right with what it proposed.

I know Mr M feels UKI needs to go further here and he has highlighted two areas of the claim that, until complained about, UKI had failed to cover. It is likely that Mr M spent a great deal of time providing the information needed by UKI to consider the claim and this will have been an inconvenience. But this is what is needed and reasonable to expect when bringing a claim and evidencing a loss. It is this inconvenience added in the complaint needing to be made after UKI failed to consider the claim correctly that the award recognises. However, it is not intended to compensate Mr M for all of the time spent dealing with the claim or complaint.

As I've said previously, I think the payment of £300, together with the payment for two months council tax, is fair in recognition of this. It is inline with what I'd expect to see for the issues highlighted here. So while I acknowledge that Mr M would like this to be increased, it is not something I am recommending.

Putting things right

UKI should consider Mr M's claim for the utility door, detailed as claim 10 previously. When doing so, it should apply the approach to excesses previously set out by it.

If it has not already done so, it should also pay Mr M the £300 compensation for the distress and inconvenience added to this matter together with the payment of £310 for two months council tax.

My final decision

For the reasons I've explained above, I uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 18 September 2024.

Thomas Brissenden

Ombudsman