

The complaint

Mr W has complained about the way Tesco Underwriting Limited dealt with a flood damage claim he made under a home insurance policy he shares jointly with Mrs W.

What happened

In August 2022 Mr and Mrs W's home was unfortunately damaged by flooding rainwater into the ground floor of their home. They made a claim to their insurer, Tesco.

Over the next year, there were more floods causing water damage and made life difficult for Mr and Mrs W and their family while living at home. During this time Tesco instructed contractors to carry out some preventative works to the home – and Mr W provided reports to help identify the cause of the flooding. Mr W was reimbursed for the costs of the reports he submitted to Tesco.

In summary, in November 2023 the local water supplier unblocked a communal surface drain pipe. Since then, Mr W has confirmed there has been no further flooding to their home.

Mr W complained to Tesco about the delays, lack of updates, and the impact Tesco's handling of the claim had on him and his family. During this time he explained that his wife was very ill and this situation added distress at an already difficult time.

In November 2023 Tesco upheld part of Mr W's complaint. It agreed it had caused delays and failed to progress the claim as promptly as it should have. From the reports provided by Mr W and Tesco's contractor visits, it was established that some but not all of the works were covered under the policy. For the remaining covered works under the policy, Tesco offered a cash settlement as it said its contractors couldn't guarantee the works.

For the distress and inconvenience caused, Tesco paid Mr W £1,000 compensation.

Our Investigator thought Tesco's decision to decline the claim for some of the works was fair – as the cause of damage was due to faulty design with differing floor levels to the garage. As Tesco's policy excludes damage caused in these circumstances, the Investigator didn't recommend this part of the complaint should be upheld.

But she thought it was unfair for Tesco to change the way it dealt with the claim part way through to a cash settlement, as its contractors had carried out some repair works already under the claim. Mr W wanted Tesco's appointed contractors to carry out the remaining agreed works – and the Investigator thought this was the right approach.

The Investigator thought that overall the compensation award Tesco had made was fair and in line with awards we give for similar circumstances. She thought Tesco should carry out investigations into the driveway soakaway.

Tesco acknowledged receipt of the Investigator's view but hasn't provided any comments.

Mr W is glad the remaining works will be carried out by Tesco's appointed contractors. But he doesn't agree the compensation award fairly reflects the impact of the handling of the claim. So Mr W wants an ombudsman to decide.

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.

Our Investigator provided a summary of the timeline of events in her view. There doesn't seem to be a dispute between the parties as to what happened and when. So I don't intend to repeat the timeline here. But I have fully reviewed what both parties have provided.

The crux of the issue is that the flood damage seems to have been caused by a blocked communal drain which was the responsibility of the local water company to repair. This wasn't a straight forward case. It was through trial and error – involving several visits by both the local water company and Tesco's appointed contractors – that the source of the leak was eventually identified. And I have to keep in mind that Tesco's contractors would have been limited to look within the boundaries of Mr and Mrs W's property to identify the source of the leak.

This doesn't detract from the clear significant disruption and ongoing worry and upset Mr and Mrs W and his family have endured during this time. I'm sorry to read of the impact on them all.

What I need to decide and distinguish between is the distress and inconvenience caused by Tesco's handling of the claim - and the impact of the flood damage.

And having done so, I think Tesco's compensation award of £1,000 for its part in the poor handling of the claim is reasonable. There's no doubt Tesco caused unreasonable delays and I can understand why Mr W feels as though he has had to project manage the claim from the outset. But I've also considered that it is for a customer to prove their claim – and the circumstances here were complex in identifying the root of the problem.

Our Investigator provided Mr W with a link to our website to provide further details on how we decide compensation for distress and inconvenience. The amount Tesco has awarded is within the range we consider for cases where there may have been serious disruption to daily life over a sustained period, with the impact felt over many months, sometimes over a year. The award Tesco has paid is within the range we consider where the impact of a business's mistake has caused substantial distress, upset and worry – even potentially a serious offence or humiliation. Given the fact there has been no further flooding since the local water company unblocked the communal surface drain, I cannot safely conclude that Tesco is entirely responsible for the issues and the impact Mr and Mrs W faced.

However, as part of agreed repairs a soakaway was installed on Mr and Mrs W's driveway which Mr W says – separate to the resolved flood issues from the blocked communal surface drain – is inadequate because the capacity isn't large enough, so it backfills and creates another cause of flooding. Mr W says he has raised this with Tesco several times, but hasn't received a response.

From Mr W's timeline, he says there was further water damage due to the failed soakaway in September 2023. Tesco has provided a copy of its reports, which show the last report is dated 25 July 2023, updated on 11 August 2023. This report says;

“Investigations found no faults with previous repairs. Our contractors cleared out the Aco drains in the driveway and noted there are large gaps in these drains which allows water to seep out into the ground. A CCTV survey showed no other faults and the drain is running clear but slow.”

An insurer should provide effective and long lasting repairs. So I think Tesco should further investigate the issues with the soakaway on Mr and Mrs W's driveway.

I appreciate that my decision will come as a disappointment to Mr and Mrs W in respect of the compensation award, but I hope I've explained why I'm not asking Tesco to increase the compensation it has already paid.

If Mr W is unhappy with Tesco for any issues since its final response letter dated 20 November 2023, he can raise these with Tesco. If he remains unhappy, he can bring new complaints to this service.

My final decision

My final decision is that I uphold this complaint in part. I require Tesco Underwriting Limited to do the following:

- Arrange for all outstanding work to be carried out as quickly as possible to get Mr W and his family's home back to its pre-loss condition.
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- Investigate the issues with the driveway soakaway which Mr W says continues to cause flooding separate to the resolved flooding caused by the blocked communal surface drain.
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Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W and Mr W to accept or reject my decision before 4 September 2024.

Geraldine Newbold
Ombudsman