

The complaint

Mr and Mrs B complain about the way Allianz Insurance Plc handled a claim for subsidence under a buildings insurance policy.

What happened

The background to this longstanding claim and subsequent complaint is well-known to all parties, so I won't repeat it again in detail here. Instead, I've focused on giving the reasons for my decision.

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.

Both parties have provided a great deal of correspondence in support of this complaint. The claim this complaint relates to was reported by Mr and Mrs B in August 2018, and repairs remain outstanding to date despite their very best efforts to see progression and completion of the same. Mr and Mrs B are eager to see this claim reach a conclusion – and rightly so, given the lengthy passage of time since reporting it to Allianz.

Rather than focusing on what has – or indeed, hasn't – happened, in this decision I have focused mainly on what I consider Allianz must do now to bring matters to a fair and reasonable resolution. This means I've not addressed each point individually, but I assure all parties I've read and understood everything that's been provided. I mean no discourtesy by this – it simply reflects the informal nature of our Service.

Mr and Mrs B reported a subsidence claim in August 2018. The contract of insurance required Allianz to pay for lasting and effective repairs. It opted to settle this claim by undertaking the repairs through its network of contractors, rather than cash settling it, which the policy allows it to do. I am satisfied Allianz's decision to opt to carry out the repairs was a fair and reasonable decision for it to make given the nature and complexity of this claim.

Things didn't go well, and Allianz has failed to appoint contractors to undertake the works. This has resulted in the claim halting for a number of years despite Mr and Mrs B being told back in August 2018 that repairs were expected to be completed by February 2020.

I acknowledge Allianz appointed three different contractors who – for various reasons – declined to see the repairs through. And despite Mr and Mrs B being given various start dates for the works (having chased for this to happen frequently), repairs failed to firmly get underway.

Mr and Mrs B raised a complaint about the time taken by Allianz to progress the claim and the level of communication throughout. Allianz responded to the complaint on 13 October 2023. It provided the following proposal in an attempt to get the claim moving:

- Mr and Mrs B could appoint their own surveyor who would have their own network of

contractors to complete the repairs. And these repairs would be guaranteed by the appointed contractors.

- Its agent would continue to oversee the claim. Their role would be to, broadly, make enquiries, settle payments, and return at the end of the repair process to ensure repairs were successful and issue the relevant buildings certificate(s).
- Mr and Mrs B's own surveyor would be responsible for the works undertaken at their property.

Mr and Mrs B didn't think this was fair or appropriate for several reasons. I find their concerns with this way forward were both reasonable and understandable. They said, broadly, if Allianz had failed to find suitable contractors in their local area to do the works with its extensive network and resources, then what chance would they have of being able to achieve this.

Allianz has said its network of contractors have discretion over their acceptance of contracts. And there is no guarantee a contract will be accepted. I agree – but to Mr and Mrs B's point, I don't find that just because Allianz has failed to appoint contractors to do the works (despite its reach and resources), it is fair and reasonable to – at this stage – put the onus on Mr and Mrs B through a local surveyor to try the same. I note Mr and Mrs B did attempt to find contractors earlier on in the claim, but that proved unsuccessful. I therefore find this supports the reasons why Mr and Mrs B consider Allianz's proposal to be an unfair and unreasonable one.

I further find that, on balance, there is less certainty with Allianz's proposal for Mr and Mrs B. There is also no guarantee Mr and Mrs B are in an appropriate position to achieve something Allianz hasn't been able to do. It begs the question what the next steps would be on this claim – that's now been running for roughly six years – if Mr and Mrs B were also to be unsuccessful in appointing contractors. I find Allianz is more appropriately placed to be responsible for appointing contractors given what I've set out above regarding its wide-reaching network and resources. So, it follows that I will be directing Allianz to settle this claim by appointing contractors to undertake the claim-related works at Mr and Mrs B's home.

I acknowledge Mr and Mrs B have provided an alternative solution to settling this claim. They have said Allianz should pay them £750,000. As I understand it, this specific amount was put forward by them because it is the sum insured amount under the policy.

The sum insured is the maximum amount an insurer will pay out in respect of a claim. And while I understand their reasons for requesting this amount, I've not been persuaded – based on the various damage reports I've seen – that this amount is required for lasting and effective repairs to be achieved. Therefore, it follows I am not satisfied directing Allianz pay Mr and Mrs B this amount would reach a fair and reasonable outcome here.

In concluding, I find the most appropriate method of settlement under this contract of insurance in these specific circumstances is for Allianz to appoint contractors to undertake the works. Allianz will be aware of its requirements under ICOBs to settle claims promptly and fairly. It hasn't done that, and the steps it must take now must result in Mr and Mrs B being provided with lasting and effective repairs. It may consider it appropriate here to do things differently, such as instructing a specialist, as an example. But to be clear, its actions must result in providing Mr and Mrs B with lasting and effective repairs to settle this claim.

I recognise it has been a very distressing and difficult few years for Mr and Mrs B as the result of the lack of progress on this claim. They've detailed the impact this matter has continued to have on them, their social and family life, and the worry of living in their home that's been deteriorating around them. They had insurance in place to assist them in matters

such as this one, and it's fair to say they have been let down.

But to give some balance to this dispute, I find Allianz took fair and reasonable steps to acknowledge the significant delays to settling this claim. In its response to Mr and Mrs B's complaint, it acknowledged the significant passage of time between Mr and Mrs B being told repairs would begin, to now, and matters remain outstanding to date for Mr and Mrs B – who merely want their family home put back into the condition it was in prior to the loss. To recognise the distress and inconvenience caused to Mr and Mrs B, it offered to pay them £3,000 compensation.

I've reviewed this in line with our published guidance on awards for distress and inconvenience which can be found here:

<https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience>

I understand Mr and Mrs B have requested I direct Allianz to pay them £100,000 compensation. I understand their reasons for this request – they feel let down, and the claim is at a stalemate, amongst other things. But I find £3,000 compensation to be fair, reasonable, and proportionate here in recognising the sustained distress, disruption, and inconvenience caused to them. Therefore, it follows that while I accept Mr and Mrs B will be disappointed, I don't require Allianz to pay them more compensation.

Putting things right

I require Allianz Insurance Plc to:

- Progress the claim to settlement by appointing contractors promptly to undertake lasting, effective, and timely repairs in line with the remaining policy terms. Allianz will be responsible for overseeing this claim through to a prompt and timely settlement.
- If it hasn't done so, pay Mr and Mrs B £3,000 compensation to recognise the distress and inconvenience caused.

My final decision

I uphold this complaint. Allianz Insurance Plc must settle this complaint in line with my instructions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 17 December 2024.

Liam Hickey
Ombudsman