

## **The complaint**

Mr W and Miss L complain about U K Insurance Limited trading as Direct Line (UKI) handling and settlement offer following a claim made under their home insurance policy.

Where I've referred to UKI, this also includes any actions and communication by agents acting on their behalf.

## **What happened**

Mr W and Miss L have a home insurance policy with UKI. The drains at their property were suffering blockages, so a contractor was sent out under their home emergency policy cover, and they removed the toilet. Mr W and Miss L made a claim under their building's insurance cover with UKI for potential damage to the underground pipes.

UKI arranged for a drainage expert to attend to determine what was causing the issue. They carried out a CCTV survey and concluded there were tree roots blocking the drains. But they said to determine the next steps they'd need to access a different area of the drains, and they thought the access point was under the shed. It was noted the shed would likely be damaged if it was moved.

Mr W and Miss L arranged for removal of the shed (which caused damage to it as predicted), but having done so, the access point wasn't actually under it and was in a different area of their garden. When Mr W and Miss L made UKI aware of this, the original drainage expert wasn't able to attend for around two weeks, so UKI arranged for an alternative expert to attend.

When the new drainage expert attended, they determined the blockage was actually on part of the drain which was the responsibility of the local water authority. Therefore Mr W and Miss L contacted the water authority, who quickly resolved the issue.

Mr W and Miss L are unhappy with the way their claim has been handled for multiple reasons. This includes the time the claim has taken and that they've not had a downstairs toilet throughout, that the issue wasn't identified to be on a local water authority part of the drain sooner, that the shed was unnecessarily damaged due to the incorrect location of the access point being determined, and that the items from the shed were stored in Mr W and Miss L's property – until UKI later arranged for storage.

Mr W and Miss L say if it wasn't for UKI's poor handling, they wouldn't have needed to make a claim, so they want it removed from their records. They also don't want UKI's contractors to carry out the reinstatement works, but UKI hasn't agreed to meet the cost of the quotes they obtained.

UKI offered £150 compensation for the service Mr W and Miss L had received, but they maintained the claim settlement amount wouldn't be increased. As Mr W and Miss L remained unhappy, they approached the Financial Ombudsman Service.

One of our investigators looked into things and upheld the complaint in part. She said that the settlement offered was in line with the terms of Mr W and Miss L's policy, so she didn't recommend this be increased. She also didn't agree the claim should be removed from Mr W and Miss L's records. However, the investigator didn't think the compensation was sufficient and recommended this be increased to £300.

UKI agreed but Mr W and Miss L didn't. So, the case was passed to me for a final 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.

Having done so, whilst I appreciate it'll come as a disappointment to Mr W and Miss L, I've reached the same outcome as our investigator.

#### The claim handling

I'm only considering what happened when the claim was made under the building insurance part of the policy with UKI. This was what was addressed in UKI's final response. If Mr W and Miss L are unhappy with what happened prior to this, with the home emergency element, they'd need to raise that separately as a new complaint.

I've very briefly summarised some of the key events of what happened above. I don't intend on commenting on every action or communication that occurred. I don't mean this as a discourtesy to either party, instead it reflects the informal nature of this service and my role in it. But I'd like to reassure both parties that I've considered all the information they've provided when reaching my final decision.

It isn't in dispute by UKI that there were some elements of the claim that could've been handled better. This includes some avoidable delays, such as not appointing a loss adjuster sooner, and not reviewing the reports or the quotes from Mr W and Miss L as early as they should've.

It took around eleven weeks from claim notification to a settlement being offered. This is longer than I would've expected. And throughout the claim the downstairs toilet was disconnected. Whilst I note this wasn't the only toilet in the property, I can understand that not being able to use this for a prolonged period would've been inconvenient. And I also understand that Mr W and Miss L had to live with the contents from their shed in the main property for some time before UKI agreed to cover storage.

I also acknowledge that Mr W and Miss L argue that the shed was only damaged because of the incorrect conclusion reached by UKI's agent on the location of the drain access. UKI has said that there always will be a bit of trial and error required, but that trial and error here did mean the shed needed to move. Having said that though, the information indicates the condition of the shed contributed to the damage when it was moved. But in any event, UKI is covering the cost of a new shed and putting this right within the settlement.

UKI recognises there are areas where the service has fallen short and they've attempted to put things right by arranging for a different drain expert to attend, covering storage for contents from the shed, and paying £150 compensation. But like our investigator, I don't think this is quite enough in the circumstances. And having taken everything into account, I'll be directing UKI to increase the compensation from £150 to £300 as I think this fairly reflects what happened.

I acknowledge that Mr W and Miss L say the claim should be removed from their records, or recorded as notification only, due to UKI's handling of it. However, I won't be directing UKI to do this. I accept things have gone wrong, which is why I'm directing compensation be paid. But Mr W and Miss L would always have needed drainage investigations carried out regardless, even if it was identified earlier during this that the issue was on a water authority section of the drain. So UKI would always have incurred costs for this, and UKI is also paying under the claim for the repairs required too. Therefore, I won't be directing UKI to remove the claim from records or to amend it to notification only.

#### The claim settlement amount

Mr W and Miss L want to use their own contractors to carry out works, they say they are entitled under various regulations to be able to request this. UKI hasn't disagreed or refused to allow Mr W and Miss L to use their own contractors and has said they can do, but UKI say they would only pay a cash settlement in line with what it would cost them, or alternatively UKI said they can do the works required instead.

I've looked at the terms and conditions of Mr W and Miss L's policy. These say:

#### *"How we settle claims*

*If the buildings are damaged by any of the causes listed in [Section 1], we will either:*

- *repair or rebuild the damaged part using our suppliers*
- *pay to repair or rebuild the damaged part using your suppliers*
- *make a cash payment*

*If we can repair or rebuild the damaged part, but we agree to use your suppliers or make a cash payment, we will only pay you what it would have cost us using our suppliers and therefore the amount you receive may be lower than the cost charged by your suppliers."*

So as Mr W and Miss L want to use their own contractors, but UKI has offered to do the works, UKI is acting in line with the policy terms by offering a cash settlement in line with what it would cost them.

However, Mr W and Miss L argue that due to UKI's previous claims handling they've lost faith in UKI, and they say they shouldn't be expected to use UKI's contractors. So, they say UKI should pay their full quotes for repairs instead regardless of the policy terms. However, I don't agree.

I accept that there were areas of the claim where UKI's handling fell short. But this doesn't mean UKI aren't able to satisfactorily carry out the repair works required. Therefore, I don't think UKI are acting unfairly by applying the policy terms and offering a cash settlement in line with what it would cost them if Mr W and Miss L don't want them to carry out the works.

Mr W and Miss L obtained their own quotes ranging from around £4,500 to £9,500. But UKI says their contractor could complete the works for £1,641.07 so this is what they have offered (before excess deduction).

Mr W and Miss L say they haven't seen an itemised breakdown of the costs, so they aren't satisfied that UKI has offered a fair amount. However, I'm not able to share a breakdown of the exact costings as this is commercially sensitive. But I've seen this, and I'm satisfied UKI has demonstrated what they have offered is in line with the costs they would incur in doing the works, and Mr W and Miss L have said the scope of works appears to be similar to theirs.

With the above in mind, I'm satisfied that UKI has offered a fair cash settlement. However, Mr W and Miss L also say costs would've increased since then. But I'm satisfied that UKI made a fair offer, and I don't think they delayed this to the extent that they now need to reconsider it. Of course, if Mr W and Miss L remain unhappy with the cash settlement amount, they do have the option of UKI's contractors carrying out the works instead. But I'm not going to direct UKI to meet the cost of Mr W and Miss L's quotes.

### **My final decision**

It's my final decision that I uphold this complaint in part and direct U K Insurance Limited trading as Direct Line to:

- Pay Mr W and Miss L a total of £300 compensation (including the £150 already offered)

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Miss L to accept or reject my decision before 4 September 2024.

Callum Milne  
**Ombudsman**