

The complaint

Mr C complains about the way U K Insurance Limited trading as Direct Line handled a claim under his landlord insurance policy.

What happened

Mr C made a claim in January 2023 following an escape of water at his rental property. Direct Line accepted the claim and appointed a loss adjuster the following week.

In February 2023, it was confirmed that the cause of the leak had been addressed. Quotes were received in March 2023 and strip out work and drying work commenced, following which Direct Line appointed a contractor in June 2023 to carry out reinstatement work.

Mr C noticed that the workmanship was poor and raised his concerns with Direct Line. A site meeting took place, after which it was agreed that the reinstatement work that had been carried out would be removed and re-done. This work began in September 2023, but Mr C says the work carried out the second time around was also of poor quality and needed to be redone.

An agreement couldn't be reached about the work, so in October 2023, Direct Line offered Mr C a cash settlement so he could have the work redone by his own contractor.

Mr C made a complaint about how the claim had been handled and the settlement offered. In its response, Direct Line said that in general it didn't think the delays had been excessive and it considered the cash settlement it had given Mr C to be fair.

Mr C didn't agree. He said he'd suffered for an extended period of time with no rental income and the stress of having to sort things out himself – when his insurer and its contractors should've provided a better service. So he referred his complaint to us.

Our Investigator considered the complaint and upheld it, recommending Direct Line pay Mr C £200 compensation for the distress and inconvenience he experienced due to around one month of avoidable delays. The Investigator also said Direct Line should consider any claim made by Mr C for direct consequential losses.

Mr C didn't accept our Investigator's opinion. He said all works should've been concluded at the beginning of September 2023 and a settlement should've been offered which put Mr C back in the position he would've been in had the works been completed to a high standard and on time. Because he didn't agree with our Investigator, the complaint has now come to me 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.

Having done so, I'm upholding this complaint. I'll explain why.

I consider the main aspects of Mr C's complaint to be the inconvenience and delays he's experienced as a result of works not being completed to a high standard, as well as the disruption he's suffered from having to sort things out himself following the offer of a cash settlement. He's said if the cash settlement had been offered sooner, he would've project managed the work himself.

Mr C is aware that his policy doesn't cover loss of rent, so I've not addressed that particular issue, though I can certainly appreciate how frustrating it must've been to not be able to get tenants back into his property as quickly as he would've liked and the financial implications of this.

I understand Mr C's dissatisfaction in relation to the time things took, and I've looked closely at the claim journey. But I can't see any avoidable delays of more than around a month. From the timeline of the claim, I can see that it was initially raised in mid-January 2023. I can't see that there were any delays until March 2023 when the quotes that were received on 7 March were approved. This approval had to be sent through again on 24 March as the original approval hadn't been received. I can tell by the evidence provided that when Mr C raised concerns about some of the additional work that was needed in July, a revised schedule was presented in August. As further concerns were raised and issues arose during September, the cash settlement was offered to Mr C in October.

In relation to the delays from September 2023 until the cash settlement was eventually given to Mr C in November, I'm satisfied that these were likely due to disagreements about the reinstatement works. Mr C has said he was also unhappy about the time it took to get reinstatement work completed to the extent that the property was uninhabitable again. But Mr C is aware that once Direct Line gave him the cash settlement, it had indemnified him and wasn't responsible for any further delays. And I haven't seen enough persuasive evidence that the property was uninhabitable as a result of Direct Line's repairs.

Mr C has sent us photos that he says show the property was uninhabitable in October 2023 before the cash settlement was issued. I've considered these, but all I can tell from the photos is that a considerable amount of work needed to be done. I can't say that this wasn't as a result of work stalling due to disagreements between the parties. For example, I note that one of the disagreements was about the flooring, and I can see from the December photos that herringbone flooring was being installed which wasn't there previously. So the photos don't necessarily show that the delay in making the property habitable was due to Direct Line's actions. It seems it was because there were significant disagreements about the scope and cost of work as Mr C arranged to have his choice of flooring and tiles put in, which Direct Line refused to cover under the policy. If the work had to stop because of the disagreements, and a cash settlement was offered at that point, I don't think this would be unreasonable, because the policy covers like for like replacements and wouldn't have covered anything which would constitute betterment.

Direct Line has said, both in its final response letter to Mr C, and to this service, that the delays weren't excessive and that the cash settlement was offered due to the relationship breaking down between Mr C and Direct Line's appointed agents. I've also observed from the claim notes that the herringbone design flooring Mr C requested would've incurred a higher labour rate, and the bathroom tiles selected were also of better quality and would cost more. The notes also indicate that Mr C requested 100% of the replacement suite and cabinets in the bathroom rather than the 50% contribution agreed. So I'm satisfied from the evidence provided, that the contractor was unable to progress further with works due to the disagreements around these issues, so a cash settlement was put forward. I don't think that was unreasonable, as an agreement couldn't be reached between the parties.

Since it's unclear what the condition of the property was before the damage occurred, and it

seems as though work stopped due to the disagreements, I don't think I have enough evidence to make a decision about whether the initial repairs were so poor that the property wasn't habitable because of them.

Mr C has mentioned other losses that haven't been reimbursed, but I haven't received details of these. If Mr C accepts my final decision, then I think Direct Line should consider any evidence of financial loss Mr C is able to provide, aside from loss of rent which isn't covered, and it should make him an offer or provide him with a response in relation to those losses. I'm unable to award for general time and effort spent in dealing with this claim because every insurance claim comes with a certain level of disruption and inconvenience to day to day life. So if Mr C has evidence of other losses that are in excess of what can reasonably be expected from dealing with an ongoing insurance claim, then he should provide this evidence to Direct Line to consider – and Direct Line should consider it fairly.

I do find that Mr C has been inconvenienced by some delays, for which he should be compensated. And I find £200 compensation to be fair and reasonable in the circumstances of this complaint. This amount reflects the impact on Mr C as a landlord, who wouldn't have been inconvenienced to the same extent as someone who was living at the property, though he would've found the ongoing work stressful and the claim disruptive. I've also considered how much of the disruption was likely due to having to go through the process of an insurance claim following damage to his property by the escape of water – and how much is attributable to Direct Line's actions. And I think £200 compensation fairly reflects the fact that some delays occurred, and the impact of those delays lasted for some weeks, caused inconvenience and disappointment, and required reasonable effort on Mr C's part to sort out.

Putting things right

To put things right for Mr C, U K Insurance Limited trading as Direct Line should:

- Pay Mr C £200 compensation for distress and inconvenience.
- Consider Mr C's consequential losses subject to Mr C providing evidence of these.

My final decision

My final decision is that I uphold this complaint and I direct U K Insurance Limited trading as Direct Line to put things right as I've set out above.

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

Ifrah Malik
Ombudsman