

## **The complaint**

Mr N is complaining about the way FAIRMEAD INSURANCE LIMITED ('Fairmead') handled a claim he made on the commercial property insurance policy that covered his building.

Fairmead appointed a loss adjustor to handle the claim on its behalf, but for ease of reference I shall refer to any of the loss adjustor's actions as being done by Fairmead.

## **What happened**

The facts of this complaint are well known to all parties, so I won't set them out in detail. But, in August 2023, Mr N's neighbour notified him there was a leak from the flat above which had leaked into his apartment. So Mr N contacted Fairmead to claim for the damage on the policy. Mr N is unhappy with the way Fairmead has handled the claim and, in summary, raised the following:

- There were numerous delays in the handling of the claim – especially at the start.
- It took Fairmead seven months to arrange suitable alternative accommodation for him. In that time he says he was forced to live in one room due to moisture levels throughout the building. He also said Fairmead's loss adjustor had commented it was dangerous as he thought the ceiling could collapse at any point.
- Fairmead didn't return numerous calls.
- In one instance Fairmead opted to de-instruct one of its contractors due to the costs quoted, but he says the contractor had advised him Fairmead had said Mr N had chosen to not use them. So he says he had to explain the precise reasons to the contractor. He said this made him feel like a scapegoat.
- As a result of the delays in the handling of the claim, the insurance policy for the building increased in premium by around £4,000.
- All the delays and general handling of the claim had had a profound impact on his mental health.

Fairmead acknowledged it had caused some delays and hadn't returned calls and offered to pay him £200 in compensation. Mr N didn't think this was fair compensation for the stress this had caused him, so he referred his complaint to this Service.

Our Investigator upheld this complaint as he thought £500 was fairer compensation. Fairmead accepted this, but Mr N didn't. And he provided some medical reports to set out the impact he said this matter had had on him.

As Mr N didn't agree with the Investigator, the complaint's been passed 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.

I should first set out that I acknowledge I've summarised Mr N's complaint in a lot less detail than he's presented it. Mr N has raised a number of reasons about why he's unhappy with

the way Fairmead has handled this matter. I've not commented on each and every point he's raised. Instead I've focussed on what I consider to be the key points I need to think about. I don't mean any discourtesy about this, but it simply reflects the informal nature of this Service. I assure Mr N and Fairmead, however, that I have read and considered everything they've provided.

Mr N has also commented that Fairmead has offered further compensation regarding a follow up complaint he raised. But, in this decision, I can only consider Fairmead's actions up when it responded to his complaint in March 2024. And I'm unable to comment on anything Fairmead did or didn't do after this event.

Fairmead has accepted it didn't handle the claim as well as it could have and it's clear it hasn't done so. So I do think it needs to compensate Mr N for this. Fairmead has now agreed to pay Mr N £500 in compensation. The issue for me to decide is whether I think this is fair compensation or not. I think it is and I'll now explain why.

Firstly, it does need to be noted that this wasn't an insignificant claim. I think it's inevitable it would have taken a number of months to resolve all the issues. I also think some of the delays were out of Fairmead's control. I think Fairmead handled the claim reasonably at the start. It appointed a loss adjustor within two weeks, who in turn appointed a contractor who started reviewing the scope of works. However, Mr N later advised he didn't want to use that contractor as he was unable to verify them online. It seems Mr N then said he would look to obtain his own quotes. But he didn't provide these until November 2023, which he was due to his own work commitments. I recognised Mr N didn't want to use the contractor Fairmead initially chose. And I can understand why he was concerned if he couldn't personally verify them. But I haven't seen anything to show it was unreasonable Fairmead appointed them. So I can't say Fairmead handled the claim unreasonably up to this point.

That said, there were some prolonged periods of time where there seemed to be to be inactivity or the claim not fairly moving in the way it should have done. Fairmead has accepted this. As I said, Mr N provided quotes for the works to be done in November 2023, but I can't see anything significantly happened with them for a number of months. There were some disputes surrounding which contractor would carry out the drying process but this seemed to take a number of months to resolve. It seems to me Fairmead caused around three months of unreasonable delay in its handling of the claim. During this Mr N had to stay in a damaged property and he's provided persuasive testimony surrounding the impact this had caused him – i.e. being confined to one room and the photographs support his concern surrounding the ceilings.

Mr N has commented that these delays meant there was an open claim when the buildings insurance policy was due to renew in February 2024. But I don't think I can reasonably say the claim would have been finalised by the time of the renewal. As I said, Mr N provided quotes for the works to be done in November 2023. There would always be a period of time after this where Fairmead needed to validate these quotes, carry out its own investigations and then agree. These investigations typically take a number of weeks to finalise. And the expected minimum time to complete the repair works was set at eight weeks. Given this, I think it's most likely the claim still would have been open when the policy renewed, even if Fairmead had done everything it should have done. So I can't reasonably hold Fairmead responsible for this.

However, I also think Fairmead has caused Mr N some distress and inconvenience in other ways too:

- It's clear there were a large number of occasions where Mr N tried to contact the loss adjustor but wasn't able to. He also was promised a number of call backs that didn't

happen.

- I'm persuaded by what he has said that Fairmead's chosen contractor asked Mr N why he'd chosen to not use them, whereas it was Fairmead who'd chosen to de-instruct them.
- As a result of the delays, the quotes Mr M provided ceased to be valid, so he had to obtain new quotes.

However, Fairmead has agreed to pay Mr N £500 in compensation and this is in line with what I would have awarded. Mr N has provided a report from his doctor setting out that this matter has had a profound impact on his mental health. However, I'm also conscious she said *"having being forced to live in temporary accommodation whilst his flat is repaired is having a significant impact on his mental health."* But he's had to live in temporary accommodation because of the damage to his property, not because of anything Fairmead did wrong.

Ultimately, Mr N was always going to suffer a lot of distress and inconvenience as a result of a claim of this significance. That said, I don't doubt the additional delays would have caused Mr N further distress and inconvenience. However, I still think £500 in compensation is sufficient compensation for the issues I've set out above. And it's in line with what I would have awarded. So I don't think it needs to pay more than that.

### **My final decision**

For the reasons I've set out above, it's my final decision that I uphold this complaint and I require FAIRMEAD INSURANCE LIMITED to increase the compensation it offered in March 2024 to £500. It should pay this to Mr N directly if it hasn't already done so. I make no further award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 30 November 2024.

Guy Mitchell

**Ombudsman**