

The complaint

Mr A complains about U K Insurance Limited's decision to decline a claim made under his landlord insurance policy - and about delays in the handling of the claim.

What happened

The background to this complaint is well known to both parties, so I'll provide only a brief summary here. Mr A and UKI can be assured I've carefully considered all the relevant information and evidence.

Mr A had a landlord insurance policy underwritten by UKI to cover a property he owned and rented out. He took out the policy on 5 May 2023.

Mr A made a claim on 18 May 2023 after his tenant left the property. Significant damage had been caused by the tenant converting the property into a cannabis farm.

UKI appointed loss adjusters to look into the claim, which was formally declined in December 2023. UKI said the damage predated the inception of the policy and so wasn't covered.

Mr A made a complaint to UKI. He was unhappy about their decision on the claim. And he said UKI's delays in coming to their decision caused him to lose seven months' rent (May to December 2023).

UKI maintained that their decision to decline the claim was correct and that they hadn't delayed the claim unnecessarily. So, Mr A brought his complaint to us. Our investigator looked into it and didn't think UKI had done anything wrong.

Mr A disagreed and asked for a final decision from an ombudsman.

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.

The decision to decline the claim

Mr A bought the house around six months before he took out the policy. And he let it to the tenant about three months after that. The policy was taken out on 5 May 2023. And the claim made two weeks later.

According to the Police, at the time the damage was discovered and the claim made, the cannabis plants at the property were mature and almost ready for harvesting. That would mean they were several months old.

It is hypothetically possible that the tenant grew the plants elsewhere for a period of time and then moved them into the property between 5 May 2023 (when the policy was taken out) and 18 May 2023 (when the damage was discovered). And that the tenant damaged the property by adapting it to become a working cannabis farm during that same period.

However, on balance, it's far more likely that the damage was done earlier – before inception – and the plants were grown in the property from the outset (not long after the tenant moved in).

I can't then say it's unfair or unreasonable for UKI to conclude that the claimed damage was actually done before the policy was taken out. And that being the case, it's not unfair or unreasonable for them to decline the claim. In short, Mr A was not on cover with UKI when the damage most likely occurred.

The delays and loss of rent

Just to clarify the position, the policy covers loss of rent, but only where the property isn't let out due to damage which is covered under the policy terms. Because UKI declined the claim (not unreasonably in my view), there is no policy cover for loss of rent.

However, I could require UKI to cover Mr A's lost earnings from the property (the lost rent) *if* I believed they'd caused unnecessary delays in the handling of the claim. In that case, UKI's errors would have caused Mr A to suffer consequential losses which were caused by UKI's errors or omissions.

If UKI had caused unnecessary delays, then even if the decision to decline the claim was correct, Mr A could reasonably argue that he'd been delayed in getting the repairs carried out himself – and so had lost the opportunity to have the property back on the market sooner.

I should say, that if I were to come to that conclusion in this case, I don't think Mr A could sensibly claim that UKI were responsible for *all* of the lost rent between May and December 2023. They'd only be responsible for the periods of unnecessary delay, not the whole claim period.

However, I don't have to get into that debate because I don't think UKI were responsible for any unnecessary delays in this case. I'll explain why.

It took seven months for UKI to come to a conclusion about the claim. On the face of it, that seems like a long time to investigate a single claim.

However, in this case, I can see that UKI and/or their loss adjusters were proactively trying to resolve the claim throughout the seven months.

The claim notes show that the loss adjuster was in touch with the Police, in order to get their views on the state of the property and the plants and equipment within it.

They were also in touch with Mr A on several occasions – including conducting an interview. It's fair to say that Mr A didn't provide straightforward evidence immediately to support his claim.

It took some time for Mr A to produce the text message which he said informed him the tenant was vacating the property, at least in a form which was legible.

UKI were also caused to carry out additional investigations and/or consideration because the tenant had paid rent in cash – making adequate proof of the rent payments more difficult and complicated than it would otherwise have been.

Mr A also failed to produce evidence of appropriate background checks having been carried out on the tenant. Again, this caused UKI and/or the loss adjuster to have to consider a more complex and difficult set of circumstances than might otherwise have been the case.

In short, Mr A didn't present his claim in a straightforward way, with supporting evidence immediately on hand and verifiable.

There were also other complicating factors in the claim which caused UKI to have to pause for thought. For example, it appears the property was significantly underinsured. That had to be investigated and considered, even though UKI didn't ultimately rely on the underinsurance when declining the claim.

Finally, as UKI pointed out to Mr A, this claim involved criminal activity. And UKI are required to take precautions in those circumstances and to investigate the circumstances more thoroughly than for other claims.

Taking all those factors into account, I can't reasonably conclude that UKI (and/or their contractors) were responsible for any unnecessary and/or avoidable delays in the investigation of Mr A's claim.

It follows that UKI aren't responsible for the rent Mr A lost in the period between May and December 2023.

My final decision

For the reasons set out above, I don't uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 20 November 2024.

Neil Marshall
Ombudsman