

The complaint

Miss G and Mr J complain about the poor standard of service they received from esure Insurance Limited (esure) following a claim they made for an escape of water, under their home buildings insurance policy.

I'll refer to Mr J for ease in my decision.

What happened

Mr J's home was significantly damaged due to an escape of water on 25 June 2023. He contacted esure to make a claim, which it accepted. Mr J says esure underestimated the damage that had been caused. It didn't provide alternative accommodation to begin with. He says this happened even though Miss G was seven months pregnant, and they have a young child to care for.

Mr J says two ceilings collapsed and the property was damp and mouldy throughout. He says his family had no bathing facilities or electricity for the first two days. When a surveyor visited he deemed the property uninhabitable. Mr J says a contractor was hired to remove the debris. The contractor thought asbestos might be present. But Mr J says his family was still forced to stay there. He says esure appointed an agent to handle alternative accommodation, but a suitable property couldn't be found. He says a neighbour fortunately allowed them to stay for a few nights.

Mr J says that when his family was placed in alternative accommodation they weren't given much notice before this ended. This made finding new accommodation difficult. He says had esure applied a realistic timeframe from the start they could've arranged a property on a short term let. Mr J says esure kept inflating the cost of replacing the damaged contents at his home. He thinks this was done in order to reach the policy threshold and allow it to void the cover.

In its final complaint response dated 16 August 2023 esure acknowledged that neither it nor the agent it employed to deal with Mr J's claim, understood the severity of the damage to begin with. It apologised for its poor standard of communication, its lack of empathy as well as delays it had caused with the claim. esure told Mr J these issues had been fed back to those involved. The business says the claim is now back on track and it hasn't applied penalties for Mr J being underinsured. esure says it paid the maximum amount under household goods. And it paid the maximum amount under high risks also. It says this is despite there being no high-risk items damaged,

esure concluded its complaint response to say it has paid Mr J £150 by way of an apology. Mr J didn't think esure had treated him fairly and referred the matter to our service. Our investigator upheld his complaint. He says esure acknowledged delays with the claim, poor service, and delays arranging alternative accommodation. Because of the impact this had on Mr J and his family he says the business should pay £650 compensation in total.

Mr J didn't think the level of compensation was fair and asked for an ombudsman to consider his complaint.

It has been passed to me to decide.

I issued a provisional decision in September 2024 explaining that I was intending to uphold Miss G and Mr J's complaint. Here's what I said:

provisional findings

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 minded to uphold this complaint. Let me explain.

In circumstances like this some degree of disruption and inconvenience is unavoidable. However, we expect esure to deal with all claims effectively. This should avoid unnecessary delays and other issues that result in further disruption. I've considered whether esure achieved that here.

Severity of the damage

Mr J's home wasn't fit for living in after the escape of water. The claim records show that the debris and damp that resulted from the leak was significant. Ceilings had collapsed, there was dust in the air, the electrics weren't functioning and much of Mr J's home contents, including a bed were damaged and unusable.

The records show esure's agents queried why the property wasn't habitable as there were unaffected bedrooms in the house. Miss G explained these rooms were empty due to redecorations that were underway. I can see the agent agreed to send a cheque payment to cover the cost of a replacement, temporary bed. This was agreed the day after the loss was reported.

Given the condition of the property described by Mr J I can understand his frustration, and the distress he and his family experienced when alternative accommodation wasn't initially offered.

An inspection of the property was carried out within a couple of days of the reported loss. On 28 June 2023 Mr J called esure. He raised concerns that it hadn't understood the severity of the damage. He explained Miss G was pregnant and they have a two-year-old. Damp was spreading to other rooms, and mould had developed. Mr J highlighted the escape of water came from the top floor of a three-floor house. He explained that the water had penetrated all floors. From the records esure's agent assured Mr J that alternative accommodation would be discussed with him by the company it had appointed to deal with the claim.

I asked esure to clarify when alternative accommodation was arranged. As this wasn't clear from the records provided. It responded to confirm Mr J and his family were put in accommodation between 2 July and 21 September 2023. This ties in with what Mr J says about staying with friends/neighbours for the first week after the escape of water occurred. For clarity, my decision will consider the period up to the 16 August. This is the date esure sent its final response to Mr J's complaint. Concerns relating to issues after this date will need to be raised separately.

I'm glad Mr J and his family managed to find somewhere to stay for the first week following their loss. I can understand why they didn't want to stay at the property given the dampness,

poor air quality, and lack of electricity. I can see there was also a concern that there may be asbestos in the damaged ceiling material. I haven't seen the report produced by esure's surveyor. But from the claim records it's clear the property wasn't habitable. esure doesn't dispute this. In its complaint response it concedes that it didn't understand the severity of the damage to Mr J's house at the beginning of the claim. This delayed the authorisation of funds to pay for alternative accommodation.

I've considered the impact this had on Miss G as the policyholder. She was heavily pregnant at the time. She developed some health issues, which she attributes to the conditions at the property. I've seen evidence of a doctor's assessment supporting this point. I acknowledge this was particularly distressing for her because she was pregnant.

Miss G and Mr J were also caring for a young child. This added to the worry they felt, particularly given the lack of any offer of alternative accommodation. In these circumstances I think compensation should be paid by esure to acknowledge the distress and inconvenience it caused.

alternative accommodation

Mr J and his family were housed in alternative accommodation, seven days after the escape of water occurred. This was for the duration of the complaint period I'm considering here. However, Mr J describes poor service from esure when providing this accommodation. He says he and Miss G had to arrange the accommodation themselves. They say the business referred to their budget as being relative to a low-cost hotel. But in the area where they live they said this wasn't realistic.

Mr J also points out that the policy provides up to £75,000 of cover for alternative accommodation. He highlights the ongoing stress that resulted from having to regularly move between properties.

I asked esure for more detailed records around the alternative accommodation that was provided. It responded with some further notes. But this doesn't provide detail about the accommodation provided or when Mr J and his family had to move between properties.

The claim records show some level of assistance was provided to Mr J in seeking accommodation. However, the indication is that there were limited suitable options in the area. The records show a property Mr J highlighted to esure was considered expensive. A note from 11 August 2023 shows a payment of just under £9,000 was subsequently agreed to cover the cost of alternative accommodation.

I can understand that Mr J wanted to avoid moving his family between properties. I've considered what he says about securing a short-term let. esure says Mr J was in alternative accommodation for a period of just under three months. The testimony and records indicate there were limited suitable properties available in the area at a reasonable cost. The overall period Mr J and his family required accommodation for was relatively short, when considering tenancy periods that are typically offered. I haven't seen evidence that there were suitable properties available on a tenancy agreement for the time Mr J required. That said, it does appear that the onus was on Mr J and Miss G to secure accommodation. I also note Mr J's comments that inadequate warning was given when new accommodation had to be found. Based on this evidence I don't think esure provided the level of assistance Mr J should reasonably expect.

Miss G's policy says temporary alternative accommodation will be provided if her home isn't habitable. This is until repairs are complete, subject to the policy limit. It says it doesn't offer a like-for-like guarantee but provides for an adequate alternative. Based on what I've read I

think more could've been done to assist Mr J and his family with their accommodation needs. Particularly given the issues at the beginning of their claim. I can understand that this added to their frustration and the distress experienced. It's fair that esure should pay compensation to acknowledge this point.

inadequate assistance

In his complaint to esure Mr J says he lost count of the number of calls to their claim handler at esure. He refers to great difficulty getting through to speak with him. When he did, he refers to the claim handler's dismissive behaviour and lack of empathy. Mr J says he was under the impression the claim handler didn't care about his family's circumstances. Even though he knew Miss G was pregnant, and they had a two-year-old to look after.

I acknowledge what esure says about some delays, a lack of empathy, and poor communication from the company appointed to handle the claim. It's fair that an apology was offered, and feedback provided to those involved.

The claim records provide some evidence to support Mr J's account of a poor standard of service from the claim handler. There are references to a disparity between the handler's view of the claim, and to the drying company's report of the property. As well as with the information from the loss adjustor. The company appointed to deal with the claim apologised for these issues. A different handler was then appointed at the end of July 2023 in response to the concerns raised. The notes refer to the claim being back on track after this.

I've no reason to doubt the testimony Mr J provided. esure concedes that the claim wasn't handled well – at least to begin with. I think this is a fair summary. Clearly this has added to the frustration, distress and inconvenience experienced during the claim. It's fair in these circumstances for esure to pay compensation.

I note what Mr J says about esure inflating the cost of their contents claim so as push this beyond the policy limit making the claim void. But I can't see that this concern was referred to esure by Mr J in his complaint. Under the Financial Conduct Authority (FCA) dispute resolution or DISP rules, esure must have the opportunity to respond to a complaint before this is referred to our service. So, I can't consider this point here.

In its response to our investigator's view esure says Miss G was underinsured for her contents. It explains she has £11,000 cover for household goods and £5,000 for high-risk items. But her claim cost for contents was close to £27,000. It says its policy terms allow it to proportionately reduce the amount payable on any claim if the sum insured is not adequate. esure says what it did here was to pay the full household cover, plus the full high-risk cover. It says it didn't apply a penalty or reduce the claim. But rather it paid more than it was expected to as there were no high-risk contents included in the claim. Taking this into account it says its original offer of £150 compensation was fair. It says our investigator's view that a further £500 should be paid isn't fair and doesn't account for the underinsurance point.

I've thought carefully about what esure says. I can see from an entry dated 4 August 2023 in its claim records that its claims controller states the combined total of the cover in place is within esure's accepted tolerance. The note says this means the claim can proceed with no penalties.

Having considered this point, it appears that esure followed its accepted process when paying the contents claim. It didn't decide not to deal with the claim on a proportional basis, or to not apply a penalty, because of issues with how the claim had been handled. From the records provided the contents claim will have been handled in this way regardless of the

poor service. So, a policyholder who didn't experience poor service would receive this same treatment. It follows that how the contents claim was handled, doesn't represent compensation for the poor service described here.

Having considered all of this I don't think esure treated Miss G fairly in its handling of her claim for the reasons set out. She was caused significant distress and inconvenience as a result of the poor handling of her claim. Given her circumstances I think this should be acknowledged with a compensation payment. I've referred to our established guide for awarding compensation. Having done so I think what our investigator proposed was fair and in line with this approach.

I said I was intending to uphold this complaint and esure should pay £650 compensation in total.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

esure responded to say it accepted my provisional findings.

Mr J didn't respond with any further comments or information for me to consider.

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.

As neither party has made any further submissions or provided further evidence for me to consider, I see no reason to change my provisional findings.

So, my final decision is the same as my provisional decision and for the same reasons.

My final decision

My final decision is that I uphold this complaint. esure Insurance Limited should:

- pay a total of £650 in compensation for the frustration, distress and inconvenience it caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G and Mr J to accept or reject my decision before 15 November 2024.

Mike Waldron
Ombudsman