

The complaint

Mr M has complained about the way U K Insurance Limited (UKI) dealt with a claim he made under his home insurance policy which he shares jointly with Miss D.

All reference to the insurer UKI in my decision includes its agents.

What happened

In October 2023 Mr M made a claim under his home insurance policy for water damage to the contents and interior of his home.

UKI accepted Mr M's claim. An inspection was carried out by a Loss Adjuster (LA) appointed by UKI. Mr M provided an estimate for repairs. UKI made a settlement offer to Mr M for the same amount as the estimate in June 2023.

A couple of weeks later UKI said it had made the offer in error and said the LA needed to carry out a further inspection to provide a Scope of Works (SOW) and to validate the claim.

Mr M complained to UKI. Over a series of final responses, UKI accepted it hadn't dealt with the claim correctly. For the distress and inconvenience caused, it offered compensation of £300. But it said it needed the LA to carry out a further inspection before agreeing to settle Mr M's claim.

Mr M remained unhappy and asked us to look at his complaint. He wanted UKI to honour the cash settlement offer it made, which he had accepted. He doesn't agree UKI can go back on the offer as he says it is legally binding.

UKI made a further offer to increase the compensation award from £300, to £450 for the distress and inconvenience caused by its errors.

Our Investigator thought UKI had done enough to resolve Mr M's complaint. He accepted that UKI had provided misleading and conflicting information at several stages during the claim journey. He said UKI hadn't said it wouldn't meet Mr M's claim, but he thought UKI was reasonably entitled to request a further inspection in light of the estimate provided by Mr M in order to consider his claim.

Mr M didn't agree. In summary he says he has provided a copy of legal advice which says UKI's agreement to settle his claim is legally binding. He believes this service should consider that UK law overrides the insurance policy. UKI incorrectly said Mr M had refused a further inspection when offered a one hour slot. Following a Subject Access Request (SAR), Mr M said he discovered that UKI had incorrectly said the agent who agreed the cash settlement offer was inexperienced. Mr M's research showed the agent had worked as a senior claims handler for UKI for several years. Mr M said UKI had incorrectly told him the LA wouldn't accept Mr M's additional photos and video footage, when the LA had said they would.

Mr M doesn't agree that the policy entitles UKI to arrange further inspection(s) once it has already carried out an inspection in order to settle his claim. He is unhappy that, although we agree UKI has made mistakes, we haven't listened to key calls he has highlighted to us.

So as Mr M doesn't agree, the case has 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.

We take each case on its own merits and ask for what we consider relevant evidence from both parties to investigate the complaint. This can include call recordings where we deem necessary, for example where this is a dispute about what was said.

We take into account relevant law, as well as the policy terms, and industry practice. We are not a court, but an alternative to the courts. Mr M is entitled to take legal action separately if he is looking for a court opinion. We look at what is fair and reasonable overall.

I think it's clear that UKI's handling of Mr M's claim has been very poor. When things go wrong, we look at the impact, and what an insurer has done to put things right.

I've looked at what should have happened if UKI had properly dealt with the claim. It isn't unusual or unreasonable for an insurer to request a further inspection in order to validate a claim. UKI should have done this when it received the estimate from Mr M – but it didn't. Instead it made a cash offer settlement for the same amount as the estimate Mr M submitted.

Whatever the reasons for the mistake, it was a mistake to offer a settlement, and UKI is responsible for this. I don't find it necessary to listen to a call which supports Mr M's complaint. Mr M has provided a copy of an internal note following his SAR between the LA and UKI. The note reads that the LA *"have advised they can review additional photos or send (an) adjuster out but ph not accepting as cash settlement already agreed"*.

I agree with Mr M from the available information that UKI provided him with misleading and inaccurate information about the time slot offered to him for a follow up inspection. And that UKI gave various reasons which were not all accurate for the errors it made. UKI has communicated very poorly during the course of the claim.

When an insurer has made an error (or errors), we look at an appropriate remedy to put a consumer in the position they would have been in if the mistake hadn't been made – not the position they would have been in if it had been true.

In this case, UKI has offered compensation of £300 for the distress and inconvenience caused by its poor handling of the claim. Since Mr M brought his complaint to this service, UKI has increased the compensation award to £450.

UKI hasn't said it isn't going to meet Mr M's claim. I think, along with the compensation award, UKI's request to carry out a follow up inspection to review against the estimate Mr M provided is a fair and reasonable outcome to his complaint.

My final decision

I'm sorry to disappoint Mr M. My final decision is that I uphold this complaint in part. I require U K Insurance Limited to increase the compensation award from £300 to £450 for the distress and inconvenience it caused Mr M.

U K Insurance Limited must pay the compensation within 28 days of the date on which we tell it Miss D and Mr M accept my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D and Mr M to accept or reject my decision before 26 November 2024.

Geraldine Newbold

Ombudsman