

The complaint

Mrs S and Mr S complain about how Accredited Insurance (Europe) Ltd (Accredited) handled a claim under their home insurance policy for water damage to their property.

References to Accredited include their agents who administer the policy and assess claims.

This decision covers Mrs S and Mr S's complaint to this Service in July 2024, about the handling of the claim and the time taken for their property to be reinstated. It doesn't cover a separate, earlier complaint they made to this Service about the cash settlement offered by Accredited for the reinstatement work and the claim for damaged contents.

What happened

In May 2023 Mrs S and Mr S discovered an escape of water from a burst pipe at their property when they returned from holiday. They contacted Accredited to tell them about the incident and lodge a claim, which Accredited accepted under the escape of water peril in the policy. Accredited appointed their mitigation specialists (T) to inspect the damage and assess the claim. They visited the property two days later and installed some dehumidifier equipment to mitigate further damage. A surveyor also visited the property a week later to assess the damage. T returned at the start of June 2023 to carry out some stripping of the damaged interior and install additional drying equipment, which dried out the property towards the end of June.

Because of the condition of the property, Accredited agreed to arrange alternative accommodation for Mrs S and Mr S. But they decided to stay with relatives nearby.

Mrs S and Mr S initially requested Accredited appoint one of their network contractors to carry out the reinstatement work at the property, but none were available in the area, so they agreed in principle to accept a cash settlement for the claim. Accredited drew up a scope of works as the basis for a settlement, which was updated in August 2023 and Accredited made a settlement offer.

However, the same month Mrs S and Mr S said there was a smell of mould in the property, so Accredited appointed a specialist contractor (B) to inspect the property. Following an inspection at the end of August, B reported anomalies in samples from the property. Further samples taken in December 2023 indicated deterioration of the environment at the property. Mrs S and Mr S, having moved in with relatives, visited the property daily to open windows and air the property, to improve the air and surface quality.

B revisited the property in April 2024, finding the air and surface quality at the property had significantly improved. Additional samples were taken and tested, as a result of which B recommended additional decontamination work, which in turn required enabling works. Accredited offered to appoint a contractor (TB) to complete the enabling works so B could then complete the mould decontamination. At which point, TB would then complete reinstatement of the property (as an alternative to the cash settlement previously offered).

Mrs S and Mr S were unhappy at the time taken for their claim to be assessed and the communication with Accredited. They also thought delays led to the development of mould in the property and problems resolving the issue. They'd also had to spend time visiting the property to open and close the windows, for which they wanted reimbursement.

In their final response, issued in May 2024, Accredited upheld the complaint. They set events from when Mrs S and Mr S first notified them of the escape of water. On alternative accommodation, they offered to pay £1,000 per month, backdated to May 2023, to cover the period Mrs S and Mr S had been staying with relatives, through to the point at which reinstatement work at the property was complete. Having reviewed the claim, Accredited accepted there had been avoidable delays as a result of drying issues, meaning there was a mould issue. It had taken time to resolve the mould issues, longer than expected. Accredited also acknowledged Mrs S and Mr S had issues using their online portal, missed messages and callbacks hadn't taken place where requested. In recognition of the service issues and delays, Accredited offered £750 compensation.

Mrs S and Mr S then complained to this Service. They were unhappy at the time taken to reinstate their property to its condition before the escape of water. The mould contamination had made their property uninhabitable. They wanted Accredited to compensate them for the time and cost of the daily trips to their property to open and close the windows to air the property. They estimated the time spent on the trips to be £858 per month (75 hours at a living wage rate of £11.44 per hour) and the mileage cost to be £189 per month (420 miles at a rate of 45p per mile). They also didn't think Accredited's offer of £1,000 a month for alternative accommodation and £750 compensation was sufficient.

When supplying their business file as part of this Service's investigation of Mrs S and Mr S's complaint, Accredited made a revised offer of compensation, from £750 to £1,250.

Our investigator considered the complaint and concluded Accredited's offer to resolve the complaint, including the increase in compensation was fair. Problems with the drying of Mrs S and Mr S's property led to the mould issue, which was still unresolved at the time of Accredited's final response in May 2024. There had been problems communicating with Accredited and they'd failed to keep Mrs S and Mr S updated on what was happening with the claim. While Mrs S and Mr S's daily visits to their property to open and close windows helped improve air quality Accredited hadn't requested or required them to do this. But our Service wouldn't expect a business to make a specific award for someone's time, but take this into account when offering compensation for distress and inconvenience.

Considering the circumstances of the case, the investigator concluded Accredited's revised compensation offer of £1,250 was fair and reasonable, along with their offer to pay £1,000 per month (backdated to May 2023, when the claim was lodged). While Accredited may have had to pay more had Mrs S and Mr S stayed in rented accommodation, it didn't mean they should pay any such amount to Mrs S and Mr S. Taking these points together, the investigator concluded Accredited didn't need to take any further action.

Mrs S and Mr S disagreed with the investigator's conclusions and asked that an ombudsman review the complaint. On the alternative accommodation, they said they hadn't received Accredited's offer of alternative accommodation because of issues with the portal. And they'd been told by Accredited in discussion alternative accommodation wouldn't be provided. They also said the issues with mould were significant and were told by B that daily visits to the property would be beneficial and would help mitigate the spread of mould. They thought Accredited should reimburse them for their trips, which they'd incurred to minimise damage. They also thought they should be compensated for alternative accommodation, even though they'd stayed with relatives.

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.

My role here is to decide whether Accredited have acted fairly towards Mrs S and Mr S.

The main elements in Mrs S and Mr S's complaint are, firstly, the time taken for Accredited to assess and progress their claim and the delays in reinstating their property back to the condition it was in before the escape of water. They're also unhappy at how Accredited communicated with them, problems with the online portal and failing to receive callbacks when requested. They're also unhappy at the level of compensation in Accredited's revised offer and not being reimbursed for what they say are the costs they incurred in visiting their property each day to open and close windows, to mitigate the issues with mould and prevent further spread. They also want compensation for the cost of alternative accommodation they say they could have taken up, in a rental property.

For their part, Accredited acknowledge the delays in assessing and progressing the claim, issues in their communication with Mrs S and Mr S. They believe their revised compensation offer of £1,250 and £1,000 per month for alternative accommodation (backdated to May 2024) is fair and reasonable.

On the first issue, I've looked at the sequence of events, from the time the escape of water occurred (May 2023) through to Accredited's final response in May 2024. From the surveyor's reports in May 2023 and June 2023, there was clearly a significant escape of water (from a detached pipe from the cold water tank in the loft) affecting seven rooms at the property. As the leak happened while Mrs S and Mr S were on holiday, it could have happened at any point during their being away. Both the May 2023 and June 2023 reports indicate the presence of some mould (though not significant). However, drying was reported complete in 2023.

Because of concerns about the presence of mould raised by Mrs S and Mr S, and their health conditions, Accredited appointed B in August 2023. Their reports of August 2023, December 2023 and April 2024 all indicate the presence of mould (and significant deterioration between August 2023 and December 2023). Given the health implications of mould, particularly given the health conditions of Mrs S and Mr S, I think it was reasonable for Accredited to appoint a specialist contractor to assess the property and report their findings, recognising Mrs S and Mr S's concerns and health issues.

While it was appropriate to appoint B and to respond to their findings from their periodic inspections, it did mean reinstatement of the property couldn't proceed until the mould issues had been resolved. This in turn meant significant delays in returning the property to its condition before the escape of water. Accredited accept the issue with mould wasn't resolved until May 2024, a year after the escape of water. This means Mrs S and Mr S haven't been able to move back into their property, although Accredited in their final response say the most recent results from B's visit indicate a way forward to complete decontamination.

At that point, Accredited have offered their contractor (TB) to complete the reinstatement work at the property (rather than a cash settlement, as originally offered). In the circumstances, I think offering TB to complete the reinstatement works is fair and reasonable, as it would (if accepted by Mrs S and Mr S) avoid them having to engage their own contractors to complete the reinstatement work, with the attendant stress and inconvenience that might involve.

However, given the length of time involved here, it's clear Mrs S and Mr S have suffered significant distress and inconvenience from being unable to return to their property. I'll consider this alongside the other issues they have raised in their complaint, when concluding what I think Accredited need to do to put things right.

On the issue of reimbursement for the visits Mrs S and Mr S made to the property to open and close windows, I appreciate that this action helped improve air quality and mitigate the spread of mould in the property. Accredited say they didn't ask or require Mrs S and Mr S to do this. Mrs S and Mr S say they were advised by B it would be beneficial. I don't doubt this was the case, not that it would have (and did) have a beneficial effect on the property.

However, that doesn't mean Accredited should reimburse Mrs S and Mr S for the costs they've claimed for visiting the property. The policy includes a general condition for policyholders to take necessary and reasonable steps to prevent or limit loss or damage, so I think the visits could reasonably be held to fall into that category, as they helped mitigate spread of the mould (B's report from their inspection of the property in March 2024 confirms Mrs S and Mr S's visits to the property had aided keeping fungal proliferation to a minimum).

However, while I don't think Accredited should directly compensate Mrs S and Mr S for the visits, I do think they would have added to the inconvenience they suffered from what happened and being away from their property for a substantial period. So, I'll consider this when I come to what I think Accredited should do to put things right, including compensation for distress and inconvenience.

On the issue of alternative accommodation, the issues at the property, particularly those of the mould and the consequent risk to health, indicate it wouldn't have been appropriate for Mrs S and Mr S to have remained at the property, particularly bearing in mind the health conditions they've told us about. There's some disagreement about whether Mrs S and Mr S were aware of Accredited's offer of alternative accommodation (Mrs S and Mr S say they were initially told that as they had cooking facilities at the property, alternative accommodation wouldn't be offered). In any event, Mrs S and Mr S chose to stay with relatives who lived nearby to their property.

That being the case, then I think Accredited's offer to pay £1,000 per month from the time the claim was lodged (May 2023) is fair and reasonable. Mrs S and Mr S say that had they taken up a rental property, the cost to Accredited would have been substantially higher. I don't doubt that may well have been the case, but that's not what happened. So, to reimburse them at the (notional) cost of rented accommodation would be reimbursing them for costs they haven't actually incurred. Which wouldn't be fair or reasonable.

Having concluded Accredited's offer is fair and reasonable, then if they haven't already done so, they should make payment of the amount due to Mrs S and Mr S, from the date they lodged their claim (May 2023) while they are staying with relatives, to the date reinstatement of the property is complete (and Mrs S and Mr S are able to move back to the property). I've also considered the timeline of events in this case and the issues Mrs S and Mr S say they experienced when trying to communicate with Accredited. When bringing their complaint, Mrs S and Mr S provided a detailed schedule of their engagement with Accredited, including through the online portal and by phone. It's clear they experienced difficulty communicating with Accredited (and their agents). Accredited accept there were difficulties with the online portal, responding to messages from Mrs S and Mr S and callbacks that weren't made when requested.

I've taken these points into account alongside what Accredited also acknowledge were avoidable delays in their handling of the claim and reinstating Mrs S and Mr S's property. From the initial notification of the claim in May 2023 through to Accredited's final response in

May 2024, a year passed without the property being reinstated. I recognise where there are issues with mould and contamination, they can be difficult to identify precisely and resolve, even with the involvement of specialist contractors. But it's clear the handling of the claim and progress with the reinstatement work took much longer than it should have done, particularly given what Accredited said in their final response about drying issues leading to the problems with mould.

I've considered all these points in the context of the published guidelines from this Service on awards for distress and inconvenience. It's clear Mrs S and Mr S suffered substantial distress, upset and worry during the period, with serious disruption to their daily life over a sustained period. The impact, particularly given the health issues they've told us about, has been felt over many months – a year in fact, to the point of Accredited's final response. In the circumstances of this case, I think £1,250 compensation for distress and inconvenience is fair and reasonable.

My final decision

For the reasons set out above, it's my final decision to uphold Mrs S and Mr S's complaint in part. I require Accredited Insurance (Europe) Ltd to:

- Pay Mrs S and Mr S £1,000 per month for alternative accommodation costs, from the date they lodged their claim (May 2023) while they are staying with relatives, to the date reinstatement of the property is complete (and Mrs S and Mr S are able to move back to the property).
- Pay Mrs S and Mr S £1,250 compensation for distress and inconvenience.

Accredited Insurance (Europe) Ltd must pay the compensation within 28 days of the date we tell them Mrs S and Mr S accept my final decision. If they pay later than this they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S and Mr S to accept or reject my decision before 13 December 2024.

Paul King
Ombudsman