

The complaint

Mrs M is unhappy with the service provided by Society of Lloyd's (SOL) following a claim made on her home insurance policy.

SOL is the underwriter of this policy. Part of this complaint concerns the actions of third parties instructed on the claim. SOL has accepted that it is accountable for the actions of third parties instructed by it. In my decision, any reference to SOL includes the actions of any third party instructed by SOL during the course of Mrs M's claim.

What happened

In 2019 Mrs M contacted SOL to make a claim following an escape of water causing damage to parts of her property. The events following Mrs M's claim are well known to both Mrs M and SOL. So I haven't repeated them in detail here. Mrs M complained to SOL about the delay in dealing with her claim, and the quality of repairs completed. SOL responded to Mrs M's complaint on 10 August 2021. The complaint which was made in 2021 isn't within the scope of the current complaint.

Following Mrs M's complaint, Company G took over the management of Mrs M's claim. Mrs M complained about the delay caused by company G in the progression of her claim. Company G responded to Mrs M's complaint, and offered £300 in recognition of the delay. On 8 March 2024, SOL sent a further final response letter to Mrs M, offering to:

1. Increase its offer of compensation from £300 to £1,500;
2. Arrange for the claim handlers for Mrs M's claim to proactively liaise with the insurer responsible for the basement claim, and coordinate twice monthly updates to be sent to Mrs M, so as to manage Mrs M's expectations regarding when SOL expect to be able to commence their portion of the repairs; and
3. Provide Mrs M with reassurances that alternative accommodation will be provided by SOL when and if needed, and as soon as it is needed.

Unhappy with SOL's handling of her claim, Mrs M referred her complaint to this service for investigation. The investigator found that the service provided by SOL had been poor, but the offer to put things right from SOL was fair and reasonable, and in line with our approach. The investigator didn't ask SOL to do anything more in settlement of Mrs M's complaint. Mrs M didn't accept the investigator's findings. As the complaint couldn't be resolved, it was passed to me for decision.

I issued a provisional decision on Mrs M's complaint. This is what I said about what I'd 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've focused my comments on what I think

is relevant. If I haven't commented on any specific point, it's because I don't believe it has affected what I think is the right outcome.

Firstly, I note Mrs M's comments about her personal circumstances, including her health, and challenges she has been dealing with. I'm empathetic to all that Mrs M has explained, and I would like to thank Mrs M for taking the time to share this information with me. As I understand this cannot be easy to share.

Customer service and delays on claim

It's evident that SOL failed to manage Mrs M's claim properly. The dispute now relates to what SOL should do to put things right. I've considered what fair compensation should be for the poor customer service provided, including delays, when dealing with Mrs M's claim. The scope of this decision covers events from 10 August 2021 (date of SOL's previous final response letter) to 8 March 2024 (date of the most recent final response letter) only.

After receiving a response to her complaint in August 2021, I've seen Mrs M advised she was struggling to obtain quotes for repairs because of on-going issues with sourcing builders and materials (post-Covid). But I can't see any material movement, or updates, from SOL during this time. In the early months of 2022 Mrs M was in and out of hospital due to health issues. Although I accept it would've been difficult for the claim to proceed given Mrs M's circumstances, I equally can't see any attempt by SOL to support Mrs M, or discuss alternative options for her claim. It wasn't until several months later that SOL suggested the option to use one of its own approved contractors. SOL's failure to discuss this with Mrs M sooner amounts to poor service. I'm persuaded this contributed to the overall delays on the claim, and Mrs M's frustrations with SOL's service.

I accept that one of the key difficulties with the claim has been work Mrs M is having done to her basement at the same time as the claim being managed by SOL. The work being done to the basement does not form part of the claim with SOL. However, despite being aware of this other work, it wasn't until Mrs M's recent complaint that SOL agreed to coordinate with the other insurer to ensure efficient and clear progression of both claims. I think SOL could've achieved this much sooner in the claim to ensure all parties were clear on each other's scope, and a collaborative effort was being made to resolve Mrs M's claims.

I have seen that it wasn't until mid-2023 that a schedule of works was prepared for repairs to start. And even once this was agreed, the updates to Mrs M, and progression of the claim, has been slow, and poorly managed at times. Given the previous delays on the claim, SOL should've done more to proactively manage Mrs M's claim. And I can't see that it did this. The impact of this meant Mrs M spent time and effort raising concerns numerous times by email and phone, at a time she was already feeling stressed and upset.

I'm persuaded this experience would've caused Mrs M undue inconvenience. Mrs M was fully expecting SOL to manage her claim efficiently. But she was left feeling disappointed, and let down, by the lack of meaningful updates, and continual delays. I think it's fair that SOL award compensation in recognition of the impact on Mrs M because of this poor customer experience throughout large parts of her claim.

Mrs M has also described at length her personal circumstances and how the impact of SOL's service failings caused her severe difficulties in other areas of her life. Mrs M has explained how she informed the loss adjuster and contractors involved with her claim about being a victim of domestic abuse. I won't go into the details of what this meant for Mrs M. But I'm persuaded by Mrs M's testimony that this is something SOL was made aware of, and ought to have acted on by progressing Mrs M's claim more efficiently than it did. Mrs M was in the process of negotiating her divorce when the incident happened. And the delays on the

claim meant that the claim hadn't moved forward even when a second incident involving her basement took place.

The delays on the claim contributed to the negotiations for Mrs M's divorce, and discussions around the timing of the sale of the house. Mrs M has explained how the delayed repairs meant the house couldn't be sold. Although I accept that the delays caused by SOL may not have been the only factor impacting the sale of Mrs M's house, I am persuaded this was a contributing factor. The delays on the claim caused Mrs M substantial upset and inconvenience. The impact was worse for Mrs M because of her personal situation including her relationship with her partner at the time.

I've considered what's happened, and the impact on Mrs M given everything she's told us about her circumstances, alongside SOL's offer of £1,500 for the trouble and upset caused. I've also considered our award bands and whether SOL's offer is in line with our approach. And after careful consideration, I'm not persuaded it is.

I'm minded to direct SOL to pay Mrs M payment of £3,000 in recognition of the poor handling of Mrs M's claim, avoidable delays, lack of clear communication, and impact on Mrs M over a prolonged period as a result of chasing SOL, and repairs to her property being incomplete. I've considered what Mrs M has explained about the impact on her health, and the stress of dealing with her claim. And it's not disputed that SOL could've handled Mrs M's claim much more efficiently. I'm also mindful that claims like Mrs M's, with the level of complexity and issues involved, can be stressful (even when a business handles it the way we'd expect it too). And part of Mrs M's upset, in more recent correspondence as she has explained, concern events after SOL's final response letter of 8 March 2024.

I note that during our investigation Mrs M has provided further examples of SOL not complying with what it had agreed to do. It's disappointing to read about Mrs M's continual issues with SOL's service. I've carefully considered Mrs M's comments. And it's clear she remains dissatisfied with the handling of her claim. But I'm mindful that the role of this service is not to act as claims mediators.

Our role is to help settle complaints between consumers and businesses that provide financial services. We resolve disputes fairly and impartially, and have the power to put things right. When dealing with a complaint about an insurance claim that remains open and on-going at the time of being referred to this service, we generally limit the scope of our decision making to issues which a business has had the opportunity to answer first. This is in line with our rules. Should Mrs M's concerns remain unresolved, this would be the subject of a new complaint that would need to be raised with SOL to answer first. Mrs M should raise any new issues with SOL to respond to first.

The scope of this decision has considered events from August 2021 to March 2024. And having considered SOL's response to what it would be willing to do to put things right, and its offer of compensation, I'm satisfied it needs to do more for the reasons I've explained.

Putting things right

For the reasons set out above, Society of Lloyd's is directed to:

- 1. Pay Mrs M compensation of £3,000 (if Mrs M has already received the compensation amount of £300 previously offered, SOL is directed to pay a further £2,700 only).*
- 2. Arrange for the claim handlers for Mrs M's claim to proactively liaise with the insurer responsible for the basement claim, and coordinate twice monthly updates to be sent to Mrs M, so as to manage Mrs M's expectations regarding when SOL expect to be*

able to commence their portion of the repairs; and

3. *Provide Mrs M with reassurances that alternative accommodation will be provided by SOL when and if needed, and as soon as it is needed.*

Provisional decision

For the reasons provided I uphold this complaint.

I'm minded to ask Society of Lloyd's to follow my directions above.

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 invited both Mrs M and SOL to respond to my provisional decision. Mrs M said 'Please could you reconsider the amount as my home insurance renewal was impacted due to this ongoing claim and I was penalised as I couldn't change companies. Some refused point blank and others were quoting over £4000. This whole claim is having a major impact on my mental, emotional, physical health.'

SOL said 'As we understand that Mr and Mrs M were divorced before November 2020 we feel that the issue of any affect claim delays potentially had on divorce negotiations does not fall for consideration under this complaint.'

In relation to events from 10 August 2021 to 8 March 2024, Mrs M was undoubtedly under a great deal of stress... She was recently divorced and dealing with the claim and the delays on her claim will have added to her distress she was already experiencing.'

I've carefully considered SOL's comments. But Mrs M has confirmed divorce proceedings started in 2019, and remain on-going. Although this doesn't match SOL's understanding of Mrs M's circumstances, I have no reason to doubt what Mrs M has told this Service. Mrs M has explained at length the upset and inconvenience she has experienced as a result of her divorce not being finalised. Mrs M says a key factor for the divorce not being finalised is the repairs being incomplete, and this impacting the sale of the house.

I accept that Mrs M has experienced a lot of upset in her life which is likely to have contributed to her feelings of stress overall. But I'm persuaded that the delay in dealing with the claim has had a material impact to other areas of Mrs M's life- including finalising her divorce, and agreeing division of financial assets. So I don't agree with SOL's position that Mrs M was recently divorced, and that the claim was adding to the stress of this.

Mrs M's testimony supports what she has explained about the delays on the claim directly impacting her ability to negotiate the financial aspects of her divorce- including the sale of the house. And although I accept there may have been other complications impacting the progression of divorce proceedings (as I recognise divorce is in itself a complex and stressful process) I think there's sufficient evidence to say that the delays on the claim had a direct impact on Mrs M's ability to make decisions about other prominent areas of her life. All things considered I'm satisfied my direction for putting things right reflects the severity of what Mrs M experienced as a direct result of the poor handling of her claim by SOL.

Mrs M has explained how difficult it was for her to obtain insurance elsewhere because of the on-going issues with having an open insurance claim with SOL. I haven't seen any further evidence of Mrs M's concerns- but given what's happened with the claim, I don't

doubt that finding insurance elsewhere, and the cost of it, wasn't what Mrs M was expecting. But I'm also mindful that making a claim can impact the cost of future insurance even when the claim is handled the way we'd expect it to be. I've carefully considered my direction for putting things right, and I think this strikes a fair balance between the upset that Mrs M has experienced overall, and the impact caused by the claim itself.

Mrs M has explained how she hasn't had contact from SOL in several months despite her claim remaining unresolved. That's disappointing to hear. SOL is urged to contact Mrs M, and Mrs M is encouraged to work with SOL to discuss a proactive way forward for Mrs M's claim, and achieve closure for all parties involved.

Neither party has provided anything that materially changes the outcome of Mrs M's complaint, or my direction for putting things right. So I'll be directing SOL to put things right as set out in my provisional decision.

Putting things right

For the reasons set out above, Society of Lloyd's is directed to:

1. Pay Mrs M compensation of £3,000 (if Mrs M has already received the compensation amount of £300 previously offered, SOL is directed to pay a further £2,700 only).
2. Arrange for the claim handlers for Mrs M's claim to proactively liaise with the insurer responsible for the basement claim, and coordinate twice monthly updates to be sent to Mrs M, so as to manage Mrs M's expectations regarding when SOL expect to be able to commence their portion of the repairs; and
3. Provide Mrs M with reassurances that alternative accommodation will be provided by SOL when and if needed, and as soon as it is needed.

My final decision

For the reasons provided I uphold this complaint.

Society of Lloyd's must follow my directions above for putting things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 21 November 2024.

Neeta Karelia
Ombudsman