

The complaint

Mrs H is unhappy with the service provided by U K Insurance Limited trading as Direct Line (UKI) following a claim made on her home insurance policy.

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

What happened

In June 2023 Mrs H contacted UKI to make a claim following an escape of water causing damage to parts of her property. The events following Mrs H's claim are well known to both Mrs H and UKI. So I haven't repeated them in detail here. Mrs H complained to UKI about the delay in dealing with her claim, poor communication, and lack of updates over many months.

Unhappy with UKI's handling of her claim, Mrs H referred her complaint to this service for investigation. The investigator found that the service provided by UKI had been poor. The investigator recommended UKI pay Mrs H £750 in recognition of its poor service and impact on Mrs H. Mrs H 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 H'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. Firstly, I note Mrs H's comments about her personal circumstances, including her health, and challenges she has been dealing with. I'm empathetic to all that Mrs H has explained, and I would like to thank Mrs H for taking the time to share this information with me. As I understand this cannot be easy to share. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's not intended as any discourtesy to Mrs H, but rather because I don't believe it has affected what I think is the right outcome.

It's evident that UKI failed to manage Mrs H's claim properly. The dispute now relates to what UKI 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 H's claim. The scope of this decision covers events from June 2023 to June 2024.

UKI accept that more could've been done to progress Mrs H's claim in good time. I've seen that there were long periods of inactivity on the claim, and Mrs H was often chasing for an update on next steps. One of earlier causes of delay in completing repairs was the finding of asbestos. This had to be removed before repair work could start. Although I accept it would've been difficult for the claim to proceed given the circumstances, I equally can't see any attempt by UKI to support Mrs H, or explain timescales for her claim. I'm persuaded this contributed to the overall delays on the claim, and Mrs H's frustrations with UKI's service.

As a result of the claim not progressing, the living conditions in Mrs H's home became increasingly difficult. I am persuaded by Mrs H's compelling testimony about the impact on her health as well-being as a result of living in rough and poor conditions over a prolonged period. Mrs H has described at length her personal circumstances and how the impact of UKI's service failings caused her severe difficulties in other areas of her life of the poor living conditions described. Mrs H has explained how she was prescribed medication for anxiety, sleep disturbance, and palpitations. I won't go into the details of what this meant for Mrs H. But I'm persuaded by Mrs H's testimony that this is something UKI was made aware of, and ought to have acted on by progressing Mrs H's claim more efficiently than it did.

Although I accept that the delays caused by UKI may not have been the only factor impacting Mrs H's health at the time, I am persuaded this was a contributing factor. The delays on the claim caused Mrs H substantial upset and inconvenience. This includes commuting to the gym for bathing before work as a result of having use of only one single tap for the family, being unable to use the family home as a place of relaxation and comfort, and living in conditions including poor insulation, stone floors, and exposed pipes.

I have seen that it wasn't until March 2023 that a detailed schedule of works was prepared for repairs to start. Before this period I've seen several offers of settlement were made to Mrs H well below the final settlement agreed. Although I accept the scope can change over time, given the nominal amounts offered on the claim, this is more indicative of the scoping exercise not being completed properly until very late in the claim.

Overall I'm persuaded this experience would've caused Mrs H undue inconvenience. Mrs H was fully expecting UKI 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 UKI award compensation in recognition of the impact on Mrs H because of this poor customer experience throughout large parts of her claim.

I've considered what's happened, and the impact on Mrs H given everything she's told us about her circumstances, alongside UKI's offer of £750 for the trouble and upset caused. I've also considered our award bands and whether UKI's offer is in line with our approach. And after careful consideration, I'm not persuaded it is.

I've considered what Mrs H has explained about the impact on her health, and the stress of dealing with her claim. And it's not disputed that UKI could've handled Mrs H's claim much more efficiently. I'm also mindful that claims like Mrs H'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). All things considered I'm minded to direct UKI to pay Mrs H payment of £1,500 in recognition of the poor handling of Mrs H's claim, avoidable delays, lack of clear communication, and impact on Mrs H over a prolonged period as a result of chasing UKI, and repairs to her property being incomplete.

I note that during our investigation Mrs H has provided further examples of invoices that she considers UKI is responsible for. I've carefully considered Mrs H'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. When dealing with a complaint about an insurance claim that remains in dispute 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 H's concerns remain unresolved, this would be the subject of

a new complaint that would need to be raised with UKI to answer first. Mrs H should raise any new issues with UKI to respond to first.

Having considered UKI'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.

Provisional decision

For the reasons provided I'm minded to uphold this complaint and ask U K Insurance Limited trading as Direct Line to pay Mrs H compensation of £1,500.

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 H and UKI to respond to my provisional decision. UKI said it didn't have any further comments to provide. Mrs H provided extensive additional comments. I've focused my decision on what I think is relevant. If I haven't commented on any specific point, it's not intended as any discourtesy to Mrs H, but rather because I don't believe it has affected what I think is the right outcome.

I've carefully considered Mrs H's comments. And it's clear that she remains dissatisfied with UKI's handling of her claim. Mrs H has referenced additional costs that she considers UKI hasn't addressed. For ease of reference I have addressed these additional costs in turn.

Out of pocket expenses

Mrs H says she has incurred out of pocket expenses amounting to approximately £1,815. But she hasn't specified what these relate to. At this time it is for Mrs H to raise these costs with UKI and for UKI to assess if they fall within the scope of Mrs H's policy terms.

Compensation for poor handling and disruption

Mrs H says total compensation for the poor handling of her claim should be £4,375. Mrs H has referenced time away from work and the impact on her health as a result of the continual delays in dealing with her claim. I don't doubt what Mrs H has explained about the impact on her health and everyday life as a result of the poor living situation she found herself in because of the repairs not being completed on time. And I've considered what Mrs H has explained alongside our award bands. Whilst I recognise the difficulties faced by Mrs H I'm satisfied compensation of £1,500 is fair and in line with our approach. The reasons for this have already been explained in my provisional decision so I won't repeat them here.

Bathroom furniture costs

Mrs H says she paid for bathroom furniture costs which UKI has yet to reimburse her for. I have seen that UKI has recently responded to Mrs H's enquiry about these costs. This issue needs to be escalated through UKI's own complaints process. This is in line with our rules. Should Mrs H's concerns remain unresolved, this would be the subject of a new complaint.

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

My final decision

For the reasons provided I uphold this complaint. U K Insurance Limited trading as Direct Line must pay Mrs H compensation of £1,500.

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

Neeta Karelia
Ombudsman