

The complaint

Mr and Mrs H complain that Soteria Insurance Limited has caused delays with a claim on their buildings and contents insurance policy and ignored reasonable requests, including a request for a site meeting, which has led to further damage.

What happened

Mr and Mrs H live in a property which has a large plot on which there are several outbuildings, including one used by their son to run his business. There was a fire in their garage in August 2020, which led to oil contamination from containers in the garage that contained oil. They made a claim in respect of the damage caused to the garage and its contents. Their son made a claim on his insurance for damage to his property and later, made a claim against Mr and Mrs H.

Soteria appointed loss adjusters to look into the claim. Experts were appointed to deal with oil contamination, and emergency mitigation work was carried out. There was an inspection in September 2020 to assess the extent of the remaining contamination. In October, reports advised that further soil samples would be needed, the garage needed to be made safe and contents removed, but access was difficult due to scaffolding nearby (building work was being done on nearby outbuildings). In December 2020, Mr H advised that the scaffolding had been removed, so work could start.

The removal of the garage was arranged for 25 January 2021 but Mr and Mrs H's son wouldn't allow access for this. At a meeting in February there was discussion of action needed, including a party wall agreement and demolition consent from the council. The loss adjusters were concerned about whether Mr and Mrs H's son would allow access.

In May 2021 Mr H expressed concerns about the spread of oil on a patch of standing water. Oil absorbent booms and pads were installed. Water samples were taken and these were clear.

In August 2021, the loss adjuster advised Soteria the family had proceeded with building new structures in front of and behind the garage, which restricted access and affected the method of demolition. It was thought the son's building would also need to be demolished but in November 2021 his insurer decided this wasn't necessary.

There then followed discussions about a cash settlement. Soteria obtained further information and advice on this and made an offer in May 2022, but the offer was rejected.

Soteria put forward a revised offer in August 2022. Mr and Mrs H raised some concerns about this in October but Soteria said the offer would not be improved.

Soteria contacted Mr and Mrs H in January 2023 and received a reply in February requesting a meeting. A meeting took place in April, after which Mr and Mrs H confirmed they would not accept the offer as they were still concerned about contamination.

After taking further advice, Soteria agreed to take further samples but said these would need to be done in the son's workshop, using holes drilled there previously, so his agreement would be needed.

In October 2023, Mr and Mrs H's son got in touch to say oil contamination had spread following a storm. Soteria arranged for further samples to be taken on 1 November. Concerns were raised about the son's behaviour and a letter was sent warning about this.

Mr and Mrs H complained about how long the claim was taking and said the delays meant further contamination had occurred, which would likely lead to enforcement action against them by the Environment Agency.

In its final response to the complaint. Soteria said it wasn't responsible for any delay with the claim; this had been caused by the building work carried out at the property, which had restricted access to the garage, and their son's refusal to allow access or to give his permission for the removal of items from the garage, to demolish the garage or allow access to his workshop for sampling.

Mr and Mrs H referred the complaint to this Service, with the help of a representative, who was also supporting them with the claim. Our investigator said Soteria had made reasonable offers to settle, and most of the delays were due to the complex nature of the claim, the number of parties involved and problems getting access to the site. But he thought there had been some occasions where it could have acted more quickly and recommended compensation of £200 for the distress caused by this.

Soteria did not agree, saying it could not see where it had caused delays or failed to take action. Mr and Mrs H's representative said they appreciated the complexities of the claim, but the work needs to be done. They consider Soteria doesn't wish to deal with the repairs in an appropriate way and their concerns about contamination have not been addressed.

As no agreement has been reached, I need to make a decision.

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.

Our role is to provide an impartial review, quickly and with minimal formality, deciding what's fair, based on the main crux of a case. This is a complex case with a long history but I won't comment in detail on every single point that has been raised, and will focus on the key points that are relevant to the outcome I've reached.

The relevant industry rules and guidance say insurers must deal with claims promptly and fairly, and not unreasonably reject a claim. They should settle claims promptly once settlement terms are agreed.

The policy provides cover for Mr and Mrs H's claim and allows Soteria to offer a repair or replacement, or a cash settlement. Soteria accepted the claim. The issue is how it has gone about dealing with this and whether it has caused unnecessary delay. Mr and Mrs H say Soteria's agents have dithered and delayed taking action needed to settle the claim.

When the claim was first notified, Soteria arranged an inspection very promptly. The loss adjusters were told the garage contained two containers full of heating oil. Experts were appointed and immediate action taken to deal with the contamination caused by the oil. There was no delay here.

The risk of contamination meant repair work couldn't be undertaken immediately. And the claim was complicated by the fact it affected the son's property. His agreement was needed for work to be carried out, and for access to the site. He had his own claim, which further complicated things.

Soteria's agents looked into getting repairs done, but the garage needed to be made safe and access was difficult due to scaffolding nearby. The claim was made more complex by other factors, including:

- Mr and Mrs H's son had his own commercial claim involving another insurer, which had its own agents investigating. He also made a claim against Mr and Mrs H.
- There were problems with access due to ongoing building work at the property, and their son didn't agree to his vehicles being removed from the garage.
- It was necessary to arrange a party wall agreement and seek consent from the local authority.

All of this meant Soteria couldn't simply go ahead with carrying out the work. Because of the complications, it looked into making a cash offer, which would allow Mr and Mrs H to then arrange for the work to be done. Taking into account the complications with the ongoing building work and their son's involvement, I think that was reasonable.

Soteria made several offers to settle the claim during 2022 and 2023. It took advice from experts to make sure it was offering what they thought was reasonable. Mr and Mrs H's representative raised concerns. I can see why they had some concerns, which I think were valid. Soteria considered these carefully, again taking advice.

Soteria offered two options to address concerns about contamination – either to pay the costs for cleaning up the original spill (even though their expert thought costs would likely be less, since the contamination would have reduced over time) or to hire another independent expert to test the site again. I think that was reasonable.

Mr and Mrs H's representative turned down the offer on their behalf. I appreciate they were still concerned about the possible contamination on their property, especially if the authorities got involved. And if the claim was to be cash settled, it's reasonable that no action was taken on site to progress the works. But Soteria didn't cause unnecessary delays here.

Mr and Mrs H understandably took some time to consider the offers. When they requested a meeting, this was arranged and took place in April 2023. After that, they said they were still concerned about the contamination risk. Soteria took further advice.

It was advised that to complete the necessary sampling, the garage would need to be demolished and the concrete base removed. Soteria agreed to take further samples but was advised these would need to be taken in the son's workshop, using holes drilled there previously. Agreement for this from Mr and Mrs H's son wasn't forthcoming at the time.

In October 2023, Mr and Mrs H's son said oil contamination had spread following a storm. Soteria responded to this very quickly; further samples were taken on 1 November.

Throughout the claim, Soteria instructed experts to look into the contamination risk and advise on appropriate action. Mr and Mrs H say it failed to address their concerns but I don't think that's the case. Action was taken at the very beginning, and at each point when concerns were raised.

Soteria had some concerns about the contents being claimed for – some of these seemed to be duplicates of items claimed for in an earlier claim for flood damage. It was reasonable to look into that, and there was no unnecessary delay in relation to this.

Overall, I'm satisfied Soteria dealt with the claim appropriately, took expert advice and acted on that advice. Having said that, there were some occasions when it could have acted more promptly. Soteria has asked for specific details of this. Given the long and complex history of the claim, I'm not going to set it all out in detail. But for example, it took around six months to put together the cash settlement offer. And after the offer had been rejected in April 2023, Soteria was still considering further action in October when further concerns about contamination were raised. This wasn't straightforward, and advice needed to be sought. But there were some periods of inaction, including for example where an agent's case handler was replaced. Bearing in mind the requirement to deal with the claim promptly, and in the context of an already complex and lengthy claim, any additional time would have caused some distress. So I think a payment of £200 would be fair to acknowledge this.

I have only considered the events up to the final response Soteria gave in December 2023. The claim has continued since then. I appreciate it has been going on for a long time and this will have been very frustrating for Mr and Mrs H. Soteria has said it's still trying to progress the claim and it wouldn't be in anyone's interest to leave things as they are; it would not lead to a good outcome for Mr and Mrs H, and would ultimately increase the cost of putting things right. I can't comment on more recent events, but the claim will need to be resolved. If Mr and Mrs H are unhappy with further steps Soteria has taken, they would need to make a fresh complaint about that.

My final decision

I uphold the complaint and direct Soteria Insurance Limited to pay compensation of £200 to Mr and Mrs H for the distress and inconvenience caused to them.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr H to accept or reject my decision before 5 February 2025.

Peter Whiteley
Ombudsman