

The complaint

Mr F complains about esure Insurance Limited ("EIL") and the settlement offer they put forward following the claim he made on his home insurance policy. Mr F also complains about the service he received during the claim process.

What happened

The claim and complaint circumstances are well known to both parties. So, I don't intend to list them chronologically in detail. But to summarise, Mr F held a home insurance policy underwritten by EIL when he discovered an escape of water at his home. So, he contacted EIL to make a claim.

But he was unhappy with the service EIL provided during the process, including the length of time it took EIL to inspect the damage. So, he complained about this service, and the settlement offer EIL put forward to conclude the claim. EIL didn't provide Mr F with a final response to his complaint and so, he referred his complaint to our service.

Our investigator looked into the complaint and upheld it. They thought the settlement offer EIL were proposing to conclude the claim of £2,067.12 before the applicable excess was a fair one, as they felt it covered the costs Mr F had incurred to repair the damage that he was able to evidence. And they explained why they felt EIL were fair to offer a cash settlement, rather than arrange the repairs themselves.

But our investigator agreed there were delays during the claim process and that these delays resulted in Mr F feeling the need to arrange the repairs himself, which included him undertaking some of the decoration work himself, which they noted would've been inconvenient and frustrating. And that to date Mr F hadn't received payment of EIL's proposed settlement. So, to recognise the above, they recommended EIL pay 8% simple interest on the settlement, from the date Mr F paid for the repair works himself to the date the settlement payment is made as well as a £150 compensatory payment.

EIL accepted this recommendation. But Mr F didn't, providing several comments setting out why. These included, and are not limited to, his continued belief that EIL should pay him for the materials he purchased to carry out some of the work himself, as well as his labour spent undertaking this work. Mr F also set out why he felt EIL's service had left him living in an uninhabitable home and so, why he felt the compensation paid to him should be increased.

Our investigator considered all the comments Mr F put forward. And this also included submitting proof of payment through his bank records for £96 spent in a DIY store he wanted to be reimbursed.

Our investigator put this evidence to EIL, but they refused to make payment for this amount. And our investigator didn't think this was unfair, nor did they change their original recommendation. Mr F continued to disagree and so, the complaint has been passed to me for 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.

Having done so, I'm upholding the complaint for broadly the same reasons as the investigator. 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's affected what I think is the right outcome.

I note that EIL accepted our investigators original recommendation. So, I think it's reasonable to assume that by doing so, EIL have accepted there were errors with the service they provided, that ultimately led to Mr F receiving the settlement offer now being proposed later than he should have. And, that there were delays early on during the claim process. So, I don't think these complaint points remain in dispute and because of this, I won't be discussing their merits in further detail. Instead, I will return to them when I discuss what I think EIL should do to put things right.

I've then focused on the complaint point that I feel does remain in dispute, which centres around the latest settlement offer, and whether this offer is a fair one.

First, I note Mr F has raised concerns about EIL's decision to offer a cash settlement at all, explaining this wasn't something he requested. But I've seen the terms and conditions of the policy Mr F held, which make it reasonably clear that EIL were entitled to either pay the cost of the work carried out to repair his home or arrange for the repairs to be carried out. This isn't an unusual term and falls in line with standard industry approach. So, I don't think I can say EIL acted unfairly solely on the fact a cash settlement was offered.

But I must also consider whether it was fair for them to make this decision, based on the information and evidence available to them. I've seen EIL's system notes, where they discuss settlement of the claim with the company they instructed to manage the claim on their behalf, who I'll refer to as "D". In this conversation, I can see D explain they were unwilling to arrange the repairs to Mr F's home, as Mr F had asked that part of the work be completed by his own joiner. And D explained why this would pose a potential issue, while also outlining a significant time delay in any of their contractors being available should Mr F agree to them completing all the repairs, due to the time of year the claim was made.

So, based on this information, EIL chose to offer a cash settlement to allow Mr F to complete the work himself. And I note around the same time, Mr F had engaged the services of his own contractor to complete the work anyway, due to the length of time the claim was taking. Having considered the above, I think EIL's decision to offer a cash settlement was a fair one, as I think another insurer is likely to have taken the same decision in the same situation, on the understanding this was likely to allow Mr F to complete repairs to his home sooner.

But as Mr F didn't request the cash settlement himself, I would expect the cash settlement EIL offered to be enough to ensure Mr F was able to place his home back in the position it was before the escape of water occurred.

In this situation, I can see EIL's outstanding offer equates to £2,067.12, which is higher than the scope of works compiled by D and crucially, the invoice Mr F has supplied for the repair works he paid his own contractor to undertake, totalling £2,046.

And while I recognise Mr F has stated he incurred further costs, including materials he

purchased to complete some of the decorative repairs himself, for these to be considered and paid by EIL I'd expect Mr F to provide invoices and/or receipts for these items.

In this case, while I note Mr F has provided bank information that shows a payment to a DIY store, this doesn't show what items were purchased. So, EIL have no way of knowing if these items purchased were related to the repair work he undertook himself and because of this, I don't think I can say EIL have acted unfairly when not agreeing to reimburse this amount.

And although Mr F has chosen to complete some of the repair work himself, this was his own choice to make, albeit I appreciate why he took this decision to ensure his home was restored quickly and efficiently. As Mr F didn't pay for this work, I wouldn't expect EIL to pay Mr F for this, as the cash settlement already put forward exceeds their original scope of work that included the work Mr F says he undertook.

So, for the reasons outlined above, I'm unable to say EIL's total cash settlement is unreasonable, or unfair. But I do think it should've been paid sooner and so, I've taken into consideration the length of time Mr F has been without access to this settlement below, when deciding what EIL should do to put things right.

I recognise Mr F is unlikely to agree with this. And I wanted to reassure Mr F I've considered all the comments he's made, including his unhappiness with the way the scope of works was costed. But insurers often have arrangements with companies that mean they are able to organise repairs for less than the market value a customer may pay to a contractor directly. So, this doesn't mean EIL have done something wrong when relying on the scope of works compiled by D on their behalf.

And the excess applicable to Mr F's policy would still need to be deducted from this settlement amount, as it's a condition of the policy he held. So, while this means Mr F will receive payment less than what he paid to his contractor, this in itself doesn't mean EIL have acted unfairly.

Putting things right

When thinking about what EIL should do to put things right, any award or direction I make is intended to place Mr F back in the position he would've been in, had EIL acted fairly in the first place.

In this situation, I think it's clear EIL could've been more proactive at the beginning of the claims process. And that their failure here led to delays in compiling a scope of works that allowed them to present an initial cash settlement to Mr F. Because of this, and the damage found in Mr F's bathroom, I can understand why Mr F chose to continue with the repairs works himself, both through a contractor and himself directly.

And I do understand that Mr F would've taken out the policy with EIL to assist him in situations such as the one he found himself in. So, I recognise why these delays would've been frustrating to Mr F, resulting in him feeling let down and experiencing the inconvenience of arranging the repairs himself. And I do think this should be compensated for.

Our investigator recommended EIL pay Mr F £150 to recognise the above. And having considered this, I think the recommendation is a fair one that falls in line with our services approach and what I would've directed, had it not already been put forward.

I think it fairly reflects the impact felt by Mr F in the first few months of the claim up to the

point he arranged repairs himself, while also taking into consideration the fact that Mr F's home wasn't deemed inhabitable albeit it would've been uncomfortable to live in. I think it also reflects the fact that Mr F himself has accepted he wasn't seeking alternative accommodation and that he did still have access to another toilet and running water for bathing facilities etc. So, this is a payment I'm directing EIL to make.

I think it's also important to note this payment is not intended to recognise the financial losses Mr F feels he has incurred. As explained earlier within my decision, I would only expect EIL to cover the costs Mr F has incurred that he is able to reasonably evidence and I think that's been done so far. But I do think the time it's taken for EIL to pay Mr F the cash settlement now on the table should be recognised and to do so, I think EIL should apply 8% simple interest to this amount, from the date Mr F paid his contractors invoice to the date the settlement payment is made.

And to be clear, this settlement amount is subject to the applicable excess included within Mr F's policy.

My final decision

For the reasons outlined above, I uphold Mr F's complaint about esure Insurance Limited, and I direct them to take the following action:

- Pay Mr F the cash settlement amount of £2,067.12, less the applicable policy excess;
- Pay Mr F 8% simple interest on this amount, from the date he paid his contractor's invoice to the date of payment; and
- Pay Mr F £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 30 January 2025.

Josh Haskey
Ombudsman