

## The complaint

Mr M complains about the way U K Insurance Limited (UKI) trading as NIG has handled a claim he made on a property insurance policy following an escape of water.

## What happened

In early 2023 Mr M reported a claim to UKI. He said his home had suffered damage caused by an escape of water. Much of the damage was to his contents, for which he made a claim under his contents insurance policy, held with a different insurer. UKI is the insurer of the building where he lives.

In March 2023 UKI sent a contractor to Mr M's property to take photographs of the damage. Unfortunately, the photos taken were then lost.

So, in June 2023, UKI sent a loss adjuster to Mr M's property. The loss adjuster then asked in August 2023, for an estimate from Mr M of the necessary repair works. Mr M provided a quote for £1,600 for luxury vinyl tile (LVT) flooring. UKI said this wasn't necessary. It said Mr M had thermoplastic tiles under his carpet, but the quote provided wasn't a like for like replacement for those tiles. It further said plywood was a cheaper and more reasonable option, so it offered settlement on that basis, of £850 less the policy excess. Later it increased this to £1,000, less the policy excess.

Unhappy with UKI's response, Mr M complained. UKI didn't agree to change its position on the claim costs, but it did accept that in losing the photographs, there had been a delay in progressing the claim, and the inconvenience of a second visit being needed. It offered £150 as compensation for the inconvenience those issues had caused.

Mr M didn't accept the matter was resolved and brought his complaint to the Financial Ombudsman Service for an independent review. Our Investigator didn't think UKI's offer was fair. She recommended UKI cover the cost of the LVT flooring.

UKI didn't agree, and so asked for an Ombudsman's decision.

In December 2024 I issued a provisional decision on this complaint, I said I was minded to say UKI hadn't done enough to settle the claim fairly, so I intended to require it to pay more to resolve matters. A copy of my provisional findings is below.

*"The insurance policy provided by UKI and covering Mr M's home covers him for buildings insurance only. When Mr M made his escape of water claim he had carpet on the floor in the affected living room. Underneath the carpet were thermoplastic tiles, which had been in situ for a number of years. UKI said the carpet replacement would be covered by Mr M's contents insurer, under his own separate policy with that insurer. But it would cover the cost of replacing the subfloor (the thermoplastic tiles), as it's considered part of the building. It said thermoplastic tiles were no longer used as subfloors, and as such plywood would be the equivalent modern building technique.*

*Mr M says plywood isn't a like for like replacement of the thermoplastic tiles. He has provided a quote and comments from a flooring company that says LVTs are essentially the modern-day equivalent of thermoplastic tiles. So Mr M says UKI should cover the cost of the LVTs. Initially he provided a quote to UKI for £1,600, though I haven't been provided with a*

copy of this. Mr M later provided a quote to this Service for around £3,600 for LVTs, which also included the cost of removing the thermoplastic tiles.

Mr M's policy covers him for repairing or replacing damaged parts of the building. It says "if the damaged parts are no longer available in their original form, we will replace them with parts of a similar quality".

UKI says plywood is of a similar quality for a subfloor and so its offer to settle for the cost of that is reasonable.

Having considered everything I think the purpose the thermoplastic tiles were serving in Mr M's case is the same as what plywood would provide in modern building methods, i.e. as a subfloor and something to fit a carpet on to. I think the fact the thermoplastic tiles were under the carpet is only as a result of old building methods used, and they – nor LVTs – wouldn't be used as a subfloor to fit carpet onto now.

Mr M's quote for LVTs therefore isn't like for like because LVTs are meant to be used and enjoyed as flooring, not as a subfloor for a carpet. This position is supported by the comments Mr M provided from a flooring company who said the LVT is a "practical and cleanable floor".

If Mr M claims the cost of a replacement carpet from his content's insurance, and the cost of LVTs from his buildings insurer he's essentially been compensated twice, since they are both types of finished flooring. It isn't the purpose of insurance for a policyholder, or beneficiary of a policy, to be indemnified twice for the same loss. And so I'm not minded to decide it would be reasonable for UKI to pay the cost of replacing the thermoplastic tiles with the LVTs. I'm minded to decide that providing a cash settlement to replace the thermoplastic tiles with plywood is fair and reasonable.

That being said, UKI hasn't set out whether its offer of £1,000 (before removing the policy excess) also includes the cost of removing the thermoplastic tiles, as well as installing plywood.

It seems to accept that some of the thermoplastic tiles were most likely to be damaged by the escape of water, and it seems unlikely plywood could be laid in top of those tiles. So it follows that in order to reinstate the property as it was before, it would also need to cash settle for the cost of removing the old tiles. I can't see that its ever broken down its quote of £1,000 to set out the separate costs for that removal, as well as fitting the new plywood. So at the moment I'm not satisfied it has offered enough to settle the claim enabling Mr M to carry out these works.

Rather than asking the parties to provide separate costs for this, and in the spirit of the informal nature of our Service, I've used the quote provided by Mr M, in order to work out what I consider a reasonable settlement would be. The quote is for £3,600 which includes the safe removal and disposal of the old thermoplastic tiles, preparing the subfloor underneath with screed and then fitting of the LVTs. So I've sought to remove what I think are likely costs for the LVTs and the screed, since I'm not persuaded UKI needs to pay for those in addition to its offer of £1,000 to fit plywood.

I note the quote provided by Mr M says given the presence of asbestos in the thermoplastic tiles, they'd need to be removed by a specialist, given the care needed in lifting and disposing of them. Based on the likely size of the room, I estimate that cost to be £1,000. So that means I think UKI should pay Mr M a total of £2,000 to settle the claim, before it deducts any policy excess. I understand it has already issued a cash settlement of £650 (which was £1,000 minus the £350 policy excess). So, I intend to require it to pay a further £1,000 to settle the claim.

Delays and handling of the claim

*UKI accepted there were some delays at the start of the claim. It offered £150 as compensation for the unnecessary distress and inconvenience caused by those failings. I'm satisfied that is in line with awards this Service has made in similar scenarios as an award in this region is to recognise where a business' mistakes have caused the consumer reasonable effort to sort out, which may have taken weeks. I'm satisfied that suitably covers UKI's error which led to a second visit of the property being needed. So, I intend to decide UKI made a fair offer of compensation in this respect. Whilst I'm now asking UKI to pay more to settle the claim, I don't intend to make a further compensation award in this respect."*

Neither party provided a response to my provisional 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.

As neither party has responded to my provisional decision, having considered matters again I see no reason to depart from them. As such my provisional findings are now that of this, my final decision.

### **My final decision**

My final decision is that I uphold this complaint and I direct U K Insurance Limited to pay a further £1,000 to settle the claim, making the total claim settlement to be £1,650, bearing in mind the policy excess of £350 which has already been deducted.

I also find U K Insurance Limited has made a fair offer of compensation of £150 and so it will need to pay this to Mr M unless it has already done so.

U K Insurance Limited must pay the compensation within 28 days of the date on which we tell it Mr M accepts my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

If U K Insurance Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr M how much it's taken off. It should also give Mr M a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 6 February 2025.

Michelle Henderson  
**Ombudsman**