

The complaint

Mr L complains about the way U K Insurance Limited, trading as NIG, handled a claim he made under a buildings insurance policy.

Reference to NIG includes its agents and representatives.

What happened

The circumstances aren't in dispute, so I'll summarise the background:

- Mr L owns a flat covered by the policy. In September 2023, a claim was raised with NIG following damage to his flat as a result of a water leak. Quotes were provided.
- NIG accepted the claim and reviewed the quotes, following which there was discussion about how much work NIG would pay for. NIG sought a revised quote, and an agreement was reached to settle the claim based on that in December 2023.
- Mr L complained about the way the claim had been handled, including the time taken to reach an agreement for repairs. NIG responded in January 2024. It accepted there had been avoidable delays and poor communication and offered £200 compensation. At that time, it had yet to finalise settlement of the claim.
- Our investigator thought £200 was reasonable compensation for what had gone wrong, up to NIG's complaint response. So she didn't ask NIG to pay anything more.
- Mr L didn't think this was a fair outcome and asked for his complaint to be referred to an Ombudsman.

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 our investigator has explained, the scope of this complaint is limited to the handling of the claim up to and including NIG's January 2024 complaint response. If Mr L has any concerns about what happened after that time, he's entitled to raise a new complaint with NIG.
- NIG is required to handle claims promptly and fairly and treat Mr L fairly and reasonably. In my view, that means NIG should proactively take the next steps with the claim, not cause avoidable delays, and communicate clearly with Mr L at all times. That requirement doesn't change if NIG appoints any agents or representatives to handle any aspects of the claim on its behalf.
- NIG accepts it didn't fulfil that requirement. What's in dispute is whether the £200 compensation it offered is a fair remedy for what went wrong, up to the January 2024 complaint response. To decide this point, I've read and considered the claim history.

But I don't see a benefit in going through each and every step of the claim in detail. Instead, I'll summarise the points I consider to be key.

- The policy covers the cost of reinstating damage caused by a water leak. I'm satisfied NIG was entitled to make reasonable enquiries to establish the extent of repairs required to reinstate such damage – and the reasonable associated cost.
- When the claim was raised, two quotes were provided. One from E and one from J, the latter of which contained more work and was more expensive than the former. NIG considered E's quote contained a reasonable level of work and it didn't think the extra work J had quoted for would be required. It offered to settle based on E's quote.
- It's not clear how NIG reached that position, as I don't think it had inspected the damage or spoken to either contractor at that time.
- I understand Mr L was concerned that E's quote didn't reflect the full extent of work that needed to be done to put the water damage right. As he thought J's did, he said NIG should settle based on J's quote. NIG agreed to consider the matter further by appointing a loss adjuster to inspect the damage and report back.
- The loss adjuster also said E's quote contained a reasonable level of work. However, Mr L said the loss adjuster had told him they would ask E to quote for the extent of work in J's quote – but had since gone back on that agreement. The loss adjuster later agreed to do that, received E's revised quote and agreed to settle on that basis in early December.
- I understand Mr L also agreed to this settlement but, by the time of the complaint response in January 2024, it had yet to be finalised.
- I understand the loss adjuster initially thought the extra work in J's quote *may* become necessary, but that wasn't certain. That's why they thought E's was sufficient. They also said any further damage or costs discovered during work could be referred back to them for consideration. But I'm not persuaded it was made clear to Mr L this was an option or how it would work in practice.
- Overall, the scope of this complaint is a period of around four months. It took that period of time to reach an agreement on the scope and cost of work, but the claim hadn't been settled at that stage. Some of that time would inevitably have been required to give NIG a chance to consider the quotes, arrange an inspection of the damage, engage with E, and review the revised quote. In my view, around two months ought to have been sufficient to do that. And the settlement should have been finalised soon after that, enabling Mr L to return to a damage-free flat as soon as reasonably possible.
- That leaves around two months of avoidable delays. During that time, Mr L was often chasing for updates and progress, as it wasn't always clear what the next step was. There was also a misunderstanding with the loss adjuster about contacting E.
- As a result of the water leak, Mr L has said one of the bathrooms in his flat couldn't be used due to severe mould and a very bowed ceiling. And his other bathroom had missing plasterboard and mould. This impacted his day to day living and enjoyment of his flat.
- So it's clear Mr L suffered distress and inconvenience as a result of the avoidable

delay and poor communication. NIG offered £200 compensation for that distress and inconvenience. Taking everything into account, I'm satisfied that's fair and reasonable in the circumstances. So I won't require NIG to pay anything further in relation to this complaint. I understand Mr L hasn't been paid the compensation offered, so I will require NIG to do so.

My final decision

NIG has already made an offer to pay £200 compensation to settle the complaint and I'm satisfied this offer is fair in all the circumstances.

So I require U K Insurance Limited, trading as NIG, to pay £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 20 February 2025.

James Neville
Ombudsman