

## The complaint

Mr and Mrs H complained that Tesco Underwriting Limited ("Tesco") unfairly settled their claim following a storm and the claim handling wasn't as good as it should've been.

## What happened

Mr and Mrs H made a claim when the boundary wall to their land was blown over in a storm. Tesco appointed a surveyor to review and validate the claim.

Tesco accepted storm conditions were present at the time of the incident. It said as Mr and Mrs H's wall was jointly owned with the neighbour, it couldn't repair the wall due to the joint liability, so it decided to cash settle the claim.

Tesco offered £1,478.11 to settle the claim, but Mr and Mrs H rejected this as they couldn't replace the wall for this cost. Mr and Mrs H had a structural engineer provide evidence that the foundations of the wall needed replacing before the wall could be re-built.

However, Tesco said it was only liable to replace what was damaged on a like for like basis, which didn't include the foundations to the wall. Tesco said Mr and Mrs H's surveyor had said the foundations were in a poor condition. Tesco asked Mr and Mrs H to provide quotes for their own builders putting up the wall.

Mr and Mrs H were unhappy with the general handling of the claim. They said poor communication and mishandling of information caused unnecessary delays. Tesco admitted its service could've been better and paid Mr and Mrs H £300 in compensation.

Our investigator decided to uphold the complaint. He said Tesco had accepted the storm had caused the wall to collapse, so asked it to replace the wall including the foundations (based on the structural engineer's advice). He asked Tesco to reconsider the settlement offer based on the quotes Mr and Mrs H had provided. He asked Tesco to refund the cost of the structural engineer's report. He thought the £300 compensation offered was fair in the circumstances. Tesco disagreed, so the case has been referred to an ombudsman.

## My provisional decision

I made a provisional decision on this on 6 January 2025. I said:

*"Given Tesco has agreed to repair the wall following the storm, I've focused my decision on the settlement value that has been offered by Tesco and then declined by Mr and Mrs H in settlement of the claim.*

*Tesco initially offered a settlement of £1,478.11. This was based on 50% of what Tesco felt it would cost it to build the wall, less the £600 policy excess. The 50% was due to the boundary wall being jointly owned by the neighbour. This was confirmed in Tesco's final response letter sent on 24 April 2024.*

*I've noted that Tesco wrote to Mr and Mrs H on 8 July 2024, offering to increase its offer to cover 50% of the quote provided by Mr and Mrs H (from one of their builders). I think this*

*was a fair offer, but as this was after the final decision was issued, I intend to uphold this complaint. I'll explain further why I think it was fair.*

*Mr and Mrs H provided two quotes to Tesco for consideration. Whilst it took time for it to change its mind it has offered to make a settlement which would cover 50% of the costs of the lowest quote. As Mr and Mrs H only owned 50% of the wall, this would be the settlement I would have recommended in my decision. Given this has already been offered, there seems little need in me reasoning further this part of my decision.*

*This quote includes the costs of replacing the foundations of the wall, which was a major part of the original disagreement and allows Mr and Mrs H to get on with replacing the wall, as Tesco didn't want to get involved in this aspect as the wall was jointly owned.*

*The lowest quote was £9,853.60 plus VAT (£11,824.32), so I intend that Tesco settle 50% of this cost, less the policy excess of £600. So, I intend that Tesco need to pay Mr and Mrs H £5,312.16. I don't think Mr and Mrs H need to get support from their neighbour's insurer before Tesco do this, as the settlement is solely in relation to its own liability, so shouldn't be delayed any longer.*

*Our investigator did ask Tesco to "re-consider the cash settlement offer with a view if increasing it, considering the two quotes Mr and Mrs H have provided. As with any claim, this will be subject to the remaining terms and conditions of the policy". I haven't materially changed the outcome of the investigator's view, but in case either party interpreted the investigator's view differently, I've decided to issue a provisional decision to allow both parties opportunity to comment.*

*Mr and Mrs H needed to commission a structural engineer's report to provide evidence to Tesco that the foundations of the wall needed re-building. This was supported by Tesco and as it proved the foundations weren't suitable to construct a wall on, I think it's reasonable that Tesco refund these costs. I don't think its own surveyor's findings were thorough enough on this point. So, I intend that Tesco reimburse Mr and Mrs H for these costs (once Mr and Mrs H evidence the payment they made). As Mr and Mrs H have been without this money, I intend that Tesco add 8% simple interest per annum (from the date Mr and Mrs H paid this money to the date it is reimbursed).*

*Finally, I've considered the handling of the claim. Given Mr and Mrs H accepted our investigator's findings which set out the reasonableness of Tesco's compensation payment in this respect (£300), I don't see any reason to consider this point further. The compensation seems fair in the circumstances".*

## **Responses to my provisional decision**

Tesco didn't say whether it accepted my decision, but it confirmed it didn't have anything further to add.

Mr and Mrs H accepted my provisional decision. They said they'd only received £150 compensation so far. They stated Tesco had asked for the surveyor's report and invoice so it could settle the invoice direct.

## **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 have provided any new information, I see no reason to change my provisional decision.

In respect to the compensation, Tesco should settle the outstanding balance on receipt of this final decision.

If Tesco are settling the surveyor's invoice directly, there is no need to add 8% simple interest onto the settlement as Mr and Mrs H haven't been without this money. If, however, this changes and Tesco change the way it wishes this to be paid, then Tesco need to advise Mr and Mrs H and if it requires them to settle the amount before reimbursing them, then the 8% simple interest would still apply.

### **My final decision**

My final decision is that I uphold this complaint. I require that Tesco Underwriting Limited:

- Pay Mr and Mrs H £300\* compensation in total (if it hasn't already)
- Reimburse the cost of the structural engineer's report (based on receipted expenditure) plus 8% simple interest from the date Mr and Mrs H paid this to the date it's reimbursed
- Cash settle the claim, less the excess payment at £5,312.16.

\*Tesco Underwriting Limited must pay the compensation within 28 days of the date on which we tell it Mr and Mrs H 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.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs H to accept or reject my decision before 7 February 2025.

Pete Averill  
**Ombudsman**