

## **The complaint**

Mr G has complained about how Accredited Insurance (Europe) Ltd ('Accredited') offered to settle claim under a home insurance policy.

Mr G is represented for his claim and complaint but, for ease, I will normally only refer to him.

## **What happened**

Mr G contacted Accredited to make a claim when a fire spread from his neighbour's property. Accredited accepted the claim, assessed the damage and drew up a scope of works. Mr G wanted a cash settlement.

Mr G later complained because he wasn't satisfied with the cash settlement offered. When Accredited replied, it said the amount it had offered was in line with its standardised trade prices. It said if Mr G wasn't satisfied with the amount offered, Accredited's contractors could do the work.

When Mr G complained to this Service, Accredited reviewed the complaint and identified that it had incorrectly calculated the drying costs. It increased the amount for these costs and offered £250 compensation. Our Investigator put this offer to Mr G. He said Accredited had offered the cash settlement in line with the terms and conditions of the policy. It had also now increased the drying costs and offered £250 compensation for the delay and inconvenience caused by the figure it previously provided for the drying cost, which he said was fair.

Mr G didn't agree. He said the drying costs he had been provided by Accredited were an estimate of just over £200 and didn't outline what would be done in terms of drying treatment and smoke odour removal. He said he'd arranged a much more thorough professional report that explained the necessary steps to restore the property. So, the complaint was referred to me.

I issued my provisional decision on 23 January 2025. In my provisional decision, I explained the reasons why I was planning to uphold it. I said:

*The policy wording said:*

*"When settling your claim, if we decide that we can offer rebuilding work, repairs or replacements, we will ask you to choose one of the following options.*

- a. We will choose a contractor (our preferred contractor) and instruct them to carry out the rebuilding work, repairs or replacements.*
- b. We will pay you a cash settlement for the same amount it would have cost us to use our preferred contractor."*

*I don't think this is unusual wording. In this instance, Accredited said it could do the work. But Mr G wanted a cash settlement. So, this meant any cash settlement would be for the amount it would have cost Accredited to do the work.*

*It's my understanding that the majority of the costs have been agreed and paid as a cash settlement. The outstanding issues was the drying costs. When Accredited calculated the drying costs, it offered £294 to cover these costs. Accredited has since checked the drying costs and accepts it calculated this incorrectly. The drying costs should have been £909.84, which meant there was an additional £615.84 to pay. However, even with this revised figure, it is still significantly less than the £5,903.82 Mr G has said is required to carry out the work.*

*I asked Accredited to explain its drying costs in more detail. It said the drying rate was made up of the room dimensions multiplied by an amount in pounds per square metre. It said what it "believes" the amount in square metres was. I'm aware Accredited also added the hourly costs of a technician to this, along with a mitigation attendance fee, to reach the figure of £909.84. I also asked Accredited what the drying costs covered, including whether it included the cost of items such as dehumidifiers. Accredited said "[t]he drying rate is for the Policyholder to dry out the property. Whatever that may take [i]f it's a dehumidifier or if it's keeping the heating on".*

*Where an insurer has said it can do the work and that it therefore will only pay a cash settlement for the same amount, I would normally expect it to be able to show what work was required and how it calculated the cost of that work. If it can show that it could do the required work for that amount, I would, generally, be likely to think that was reasonable. But, from what I've seen, Accredited hasn't said, or shown, that the increased amount it has now offered is the amount it would cost it to do the work. Instead, it has provided a calculation where it appears uncertain of how it arrived at the figure. I don't think it's clear how it arrived at the amount in pounds by which it multiplied the room dimensions or why this was a fair way to calculate the cost. It has said the rate is for Mr G to dry out the property. It also hasn't explained what it has assessed as the required drying work. So, I'm not currently persuaded that Accredited's settlement offer for the drying is fair.*

*I think Mr G's explanation of the work involved is clear. His report and quote explain the required work and the costs involved, including how these are calculated. So, I think it's reasonable for me to rely on this information to resolve this complaint.*

*So, based on what I've currently seen, I think it's reasonable for Accredited to pay the costs as described and costed in the "Drying" section of Mr G's report. Mr G also wanted Accredited to cover some other related costs. So, I've also thought about these.*

*The first was strip out costs. These were to remove plaster and wallpaper, install the dehumidifiers and "disposal". I asked Accredited whether it had included strip out costs in the settlement. It said the scope included removing and replacing plasterboard, insulation and wallpaper. So, it's currently my understanding that these costs were included in the settlement that has already been paid because they were in the main scope of works. From what I've seen, Accredited calculated the drying costs separately. However, I will revisit this if I'm provided with evidence that causes me to think this might be incorrect.*

*I'm aware the strip out costs also included the cost of installing the drying equipment. This appears to be a necessary cost. So, if I am provided with a cost for this item, I will look at what I consider to be a reasonable way to settle this item.*

*Mr G's quote also included Ozone treatment. His report said the property smelt of smoke. I asked Accredited about this. It said there was no mention of the smell of smoke in its reports. If there was, it said it would have either Ozone'd the property or fogged it.*

*Accredited provided two reports to this Service. Neither mentioned the smell of smoke. However, both reports appear to be from fairly early on in the claim. Both reports are brief. I also note that the most recent of those reports said the damage and scope was still being firmed up. The report also said it was unknown at that stage whether there was damage to the roof timbers. The roof also needed to be inspected to firm up the required repairs and costs. I'm not persuaded I've seen sufficient evidence to fairly conclude there wasn't a smell of smoke in the property. Mr G's report said there was a smell of smoke and that this required treatment. So, I currently intend to say this work needs to be included.*

*So, in the circumstances, I'm currently minded to say Accredited must pay the costs as provided in Mr G's report and quote. These are:*

- *In the strip-out section, the costs of installing dehumidifiers.*
- *All of the listed drying costs.*
- *The Ozone treatment costs.*

*I currently intend to say Accredited should also pay interest on the cash settlement because Mr G lost use of this money. Accredited should pay interest from the date it made the settlement payment for the rest of the claim to the date on which it makes the payment for the drying and related costs.*

*I've also thought about compensation. I think Mr G had been caused inconvenience by how Accredited has dealt with his claim. Mr G was concerned that Accredited had made an unfair offer for the drying costs. It was only when the complaint came to this Service that Accredited decided to check its own calculation and realised it had made a mistake. I currently think Accredited should pay Mr G £300 compensation to recognise the impact on him.*

I asked both parties to send me any more information or evidence they wanted me to look at by 6 February 2025. Both parties replied before that date.

Accredited replied and said it would accept my provisional decision. It said it would pay £5,903.82 minus the £294 it had already paid towards drying costs. So, £5,609.82. It also said it would add interest to this, which it calculated as £483.05, and pay £300 compensation.

Mr G also confirmed he would accept my decision. I explained to Mr G's representative what Accredited said in response to my provisional decision. Mr G's representative confirmed this settlement was acceptable.

### **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 uphold this complaint. This is for the reasons given in my provisional decision and taking into account the settlement that both parties have agreed to following this issue.

### **My final decision**

For the reasons I've given above and in my provisional decision, my final decision is that this complaint is upheld. I require Accredited Insurance (Europe) Ltd to:

- Pay a total of £5,903.82 to settle the claim, from which it can deduct the £294 drying costs it has already paid. So, £5,609.82.

- Pay 8% simple interest on this amount, for which it has said it will pay £483.05.
- Pay £300 compensation.

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

Louise O'Sullivan  
**Ombudsman**