

The complaint

Ms H complains about Allianz Insurance Plc's handling of her property insurance claim for subsidence-related damage.

What happened

The background to this complaint is well known to both parties, so I'll provide only a brief summary here, concentrating on the key issues as I see them.

Ms H is the leaseholder and owner of a flat which is part of block. The block is insured under the name of the Residents' Association. Ms H is a beneficiary of that policy. Allianz underwrite the policy.

A claim was made in September 2018 after subsidence-related damage was discovered at the property. Allianz accepted the claim, undertook investigations, and appointed contractors to carry out the necessary remedial work.

In short, Ms H was unhappy with the progress of the claim and the communication from Allianz and/or their agents, so she made two complaints, in 2023.

Allianz accepted there had been avoidable delays and poor communication. They paid Ms H £1,000 in compensation for her trouble and upset. And they increased the amount they were paying for the replacement of her kitchen by £1,976. This was to reflect the increase in costs caused by the delays.

Ms H accepted this outcome and so, didn't bring either of those two complaints to our service.

She then made a further complaint to Allianz, to which they provided a final response on 1 February 2024.

This complaint was again about on-going delays and poor communication. But Ms H also raised a number of more specific issues about the quality of the repair work and other matters.

In terms of the repairs, Ms H was unhappy with the work Allianz' contractors had carried out to her soundproof boarding and her flooring. And she thought the underlay the contractors had used was sub-standard.

She said Allianz' agents breached data protection regulations by talking to a third party about the claim.

She said they'd accessed her property without permission after she asked them to stop the repairs.

She was unhappy that Allianz' agents had changed the schedule of works agreed at the outset, without any proper communication, explanation, or consultation. And had failed to provide copies of the current schedule(s) when asked.

She was concerned there would be no assurance of the quality and effectiveness of the repair work. And she felt some of the repairs were sub-standard.

She was unhappy with a lack of progress in addressing problems with the drains at the property – those problems not having been identified until 2022, when Allianz realised that the issues weren't caused entirely by soil shrinkage as a result of nearby trees.

She also raised issues about the kitchen costs (again), the standard of work generally, loss of rent due to the property being uninhabitable, and the alternative accommodation Allianz provided.

Allianz responded to that complaint on 1 February 2024. They accepted there had been further avoidable delays and poor communication. And that the kitchen costs had risen again.

They paid a further £300 in compensation, bringing the total to £1,300 in all. And they raised the amount they were paying for the kitchen replacement by a further £1,746 – making a total increase of £3,722 overall.

They didn't accept that they'd done anything wrong in respect of the majority of Ms H's other complaint points. But they explained that they would issue a Certificate of Structural Adequacy (CSA) when the claim was complete. And they've offered to pay for a surveyor to inspect the works carried out at Ms H's flat.

Ms H wasn't happy with this response and so brought her complaint to us. Our investigator looked into it and thought it should be upheld.

In his view, Allianz had answered most of Ms H's complaint points satisfactorily – and given her some assurance by offering to pay for a surveyor and issue a CSA. However, he thought their offer of £300 compensation was too low and recommended it be increased to £500 in this case.

Ms H disagreed and asked for a final decision from an ombudsman. She said her primary remaining concerns were around the lack of transparency in the claim process and the fact there appeared to be no independent or verified record of what ought to have been done to repair the property and/or what had in fact been done.

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.

The scope of this decision

Ms H has made this complaint to us in her capacity as a beneficiary of the policy - and so, as the individual owner of her own flat. She isn't acting on behalf of the Residents' Association. So, we can only look at Allianz' or their agents' actions in dealing with the claim as they relate to Ms H's property specifically.

Ms H chose not to refer to us either of her first two complaints to Allianz. The statutory rules which empower us to deal with complaints - the Financial Conduct Authority's dispute resolution (or DISP) rules - say we can't consider a complaint if it's brought to us more than six months after the business's final response (unless there are exceptional reasons for the delay).

So, I can't consider here any of the issues raised in Ms H's first two complaints to Allianz. That includes any delays and poor communication up to the date of Allianz' second final response to Ms H on 15 September 2023. Ms H in effect accepted Allianz' proposed resolution of those complaints.

The DISP rules also say we can't consider complaint points that haven't been raised beforehand with the respondent business. So, I can't consider any new issues raised by Ms H after the date of Allianz' final response to her latest (third) complaint on 1 February 2024.

This means, for example, as our investigator has pointed out to Ms H, we can't look into her complaint about the replacement skirting boards at her flat. And we can't comment on any broader new issues arising since 1 February 2024.

We can't, in other words, act as referee in any on-going disputes between Ms H and Allianz. Ms H would of course be entitled to raise a new complaint with Allianz about the skirting boards or about any other new issues that have arisen after 1 February 2024.

As our investigator has also pointed to both parties, we *can* look at on-going delays and/or communication issues after 1 February 2024 – because those are not new issues but a continuation of the same issues raised in Ms H's latest complaint to Allianz. And we can fairly – and legally – look at those up to the date of Allianz providing us with their (at that time) current position on the claim and the complaint – on 10 August 2024.

Delays and poor communication

There's no dispute here about the fact that Allianz and/or their agents caused avoidable delays in the handling of the claim. And there's no dispute that their communication with Ms H was at times poor.

Ms H has made a valid point about the failure to keep her updated about changes in the schedule of works as the repairs progressed. I can see why she thinks Allianz have altered the agreement about what was to be done without proper consultation.

Allianz held weekly meetings with the block's residents, but Ms H has pointed out that work and other commitments meant she couldn't always attend.

I don't think I'd want to be so specific as to say that Allianz should have re-issued the schedule of works to all residents every time a change was made to the plan. However, they ought to have found some way to effectively communicate any changes to Ms H, as they affected her own flat. And they ought to have had a way to listen to any objections or suggestions Ms H may have had.

I understand Ms H has now been provided with a final schedule of works after completion. Which means that she does have an audit trail as to what work was in fact completed. I have no doubt that if Ms H wants further clarification or detail, she'll ask Allianz. And I'd expect them to respond promptly to any reasonable requests for further details.

Ms H also says she asked for details of the qualifications of those involved with the planning and execution of the repair work – and Allianz have unreasonably (in her view) refused to provide them. To be clear, I don't think Allianz' communication has failed in this respect. They aren't obliged, in my opinion, to disclose those individual details.

In summary, it's agreed by all concerned that there were avoidable delays. And that communication was often poor. That's why Allianz have paid Ms H a further £300 in compensation for the trouble and upset that's caused in the period concerned (in addition to the £1,000 they paid in response to her first two complaints).

Our investigator thought that ought to be increased from £300 (on the complaint we are considering here) to £500. I agree with that – and I'll explain why in the section below.

Delays in identifying the issues with the drains

I can understand Ms H's view that Allianz and/or their agents should have been quicker to identify that there was a potential issue with the drains at the property. It took an unreasonable amount of time before they looked any further than the vegetation which appeared to be causing soil shrinkage.

However, any delays in the claim caused by that failing occurred prior to Ms H's first two complaints to Allianz. Allianz compensated Ms H for delays (amongst other things) to cover the period up to 15 September 2023 (the date of their second complaint response to Ms H).

So, I can't now go back and award further compensation for that period, for the reasons I've explained above. Ms H accepted Allianz' compensation offer for that period and didn't bring that complaint to us.

Assurance of the remedial work generally

Allianz have said they will issue a CSA for the property, which will give Ms H – or indeed any future potential buyers of the property – assurance that the underlying subsidence issue and the damage it caused have been addressed.

They have also offered to pay for a surveyor – to be commissioned by Ms H – to inspect the property and comment on the efficacy and quality of the repairs they've carried out. That's very fair and reasonable. Of course, if the surveyor finds any remaining problems, then I'd expect Allianz to address those as appropriate.

The soundproof boarding

Allianz' contractor took advice about the soundproofing in the flat. The individual soundproof boards had de-bonded in some areas but weren't individually damaged.

The advice the contractors got was that the repair would be lasting and effective if the boards were re-bonded using the same sealant / adhesive as in the original installation. That's what they did. And I can't see any issue with that, in the absence of any contrary expert opinion.

The flooring

Ms H says she was about to install engineered wood floors at the flat before the claim was made. Allianz have confirmed she had some wooden flooring at the property ready for installation, but it wasn't enough to go across the whole floor.

Allianz have replaced the pre-existing flooring with an equivalent. It appears Ms H was involved in choosing the laminate flooring that has been used. I can't see any possible argument that Allianz haven't put Ms H back in the position she was in before the claim in this respect.

The underlay

Allianz have provided evidence that the underlay is of the right quality and properly indemnifies Ms H. I haven't seen any evidence to suggest that's not the case.

Alleged data protection breach

It appears Allianz' agent contacted another business to discuss repairs to a part of Ms H's flat. Allianz say no personal data was exchanged. I don't think it was unreasonable for the agent to contact the third party to get advice on how best to carry out the repairs.

Access to the flat

At one or more points in the claim, Ms H asked Allianz not to allow their contractors to enter her flat. It seems that message may not have been passed on and a contractor went into the flat despite Ms H's request.

Allianz have explained that the individual in question no longer carries out work for them, but they assume he entered the flat to carry out or check the repair work.

This may be another example of failures in communication on Allianz' or their contractors' part – compensation for which, as I've said, I'll deal with in the section below. However, it seems no real lasting harm was done as a result of the contractor entering the flat.

Replacement kitchen

Allianz increased the payment they made to cover replacement of Ms H's kitchen, in response to her complaints (see above). Ms H hasn't disputed the new total payment and I have no reason to suggest it isn't entirely fair and reasonable.

Loss of rent?

Ms H asked Allianz to cover loss of rent because she had someone living in the flat with her – and paying her rent - before the repair work began.

Allianz agreed to cover loss of rent, as long as Ms H's losses were evidenced. She told them there was no record of the payments, which were cash in hand and an informal arrangement.

To be fair to Ms H, I think she's now accepted that Allianz aren't going to cover the loss of rent in those circumstances. But just for the sake of absolute clarity, I wouldn't expect them to do so.

Alternative Accommodation

I can't see that there's any real issue with Allianz' handling of the alternative accommodation provided to Ms H.

There was some discussion at the outset about Ms H's requirements, but Allianz found accommodation which met all of her needs reasonably quickly – and indeed showed some flexibility in terms of the costs.

Putting things right

In summary, I think Allianz' errors or failings in the period I'm considering in this decision (see above) are around avoidable delays and poor communication only.

Allianz offered £300 in compensation for Ms H's trouble and upset. Our investigator thought £500 was fair. Allianz did in the end agree to pay that amount. Ms H asked for this decision.

This kind of claim is inevitably going to be stressful for those affected, particularly when it involves significant repairs to the home and the need to move out of the home for a significant period.

Subsidence claims can also take a long time to resolve. In this case, there were multiple causes of the issue and multiple residents affected, in a large building. Allianz and/or their agents also had to involve the local authority (about the trees) and the local water company (about the drains).

In short, Ms H was always going to suffer considerable stress and upset *because of* the subsidence and the damage it caused to her home.

Obviously, Allianz didn't cause the subsidence. So, when I consider compensation in this case, what I'm looking at is the *additional* stress and upset Ms H was caused by the delays and/or the failures in communication. And, as I've pointed out above, when I look at delays and poor communication in this case, I can only look at the period between 15 September 2023 and 10 August 2024.

Allianz have accepted there were avoidable delays in that period. But the repair work was progressing during that time. And it's a relatively minor part of the time taken for the claim as a whole.

In my view, the more significant aspect of the complaint, in that period, is the failures in communication. As I've said above, Allianz and/or their agents ought to have found a satisfactory way to keep Ms H updated on progress – and on changes in the plan – throughout that period. And they ought to have come up with an effective alternative when Ms H wasn't able to make the weekly meetings.

The fact that they didn't do that caused Ms H considerable unnecessary upset, worry and frustration – and meant she had to put in additional effort to chase for updates. And that was the case throughout the period I'm considering in this decision, which is around 11 months.

Taking all of that into account, I agree with our investigator that £500 is fair and reasonable compensation for Ms H's trouble and upset.

It's not disputed that Allianz should also pay Ms H an additional £1746 to cover the increased cost of her replacement kitchen, as per their final response of 1 February 2024 to Ms H's complaint. I understand this has already been paid to Ms H.

My final decision

For the reasons set out above, I uphold Ms H's complaint.

Allianz Insurance Plc must pay Ms H an additional £200 in compensation for her trouble and upset (making a total of £500 compensation in respect of this particular complaint).

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 24 April 2025.

Neil Marshall
Ombudsman