

## **The complaint**

Mr and Mrs M complain Fairmead Insurance Limited delayed settling an escape of water claim under a holiday home insurance policy which caused them a financial loss.

## **What happened**

The details of this complaint are well-known to all parties, so I won't repeat them again. Instead, I'll focus on giving the reasons for my 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.

Mr and Mrs M own a property they rent to holidaymakers. They held holiday home insurance which was underwritten by Fairmead. They claimed against the policy for an escape of water which caused significant property damage. Fairmead, despite some delays, accepted the claim, and the repairs are now completed. Mr and Mrs M complain the repairs took too long and they've lost out financially as a result.

The Investigator did a detailed review of how the claim progressed. She agreed with Fairmead the claim was complex in nature, but she concluded it caused about three months of avoidable delays at the start of the claim, and towards the end. My review has determined the same, and I can see neither Mr and Mrs M nor Fairmead challenged the Investigator's conclusion in this regard.

The policy entitled Mr and Mrs M to loss of income for when the property can't be lived in because of an insured event. Fairmead has paid Mr and Mrs M for 12 months, which is what the policy allows for. Mr and Mrs M however say this isn't enough as the claim took roughly 16 months to be concluded, delays were caused by Fairmead in accepting and concluding the claim, and there were some issues with the repairs (acknowledged by the builder).

Like the Investigator, I find Fairmead should pay Mr and Mrs M for the additional three months. I say this because but for Fairmead's avoidable claim delays, it's more likely than not, on balance, the property could have been ready to be let out again three months earlier, and therefore Mr and Mrs M's loss is a direct result of a failing on the part of Fairmead.

It follows I'll be directing Fairmead to compensate Mr and Mrs M with a further three months loss of income and include interest.

Fairmead offered to pay Mr and Mrs M £200 compensation for the service issues (namely – delays). It offered to increase this to £500 compensation in total in response to the Investigator's assessment. I don't find this to be a fair and reasonable remedy to settle this complaint based on the reasons I've mentioned above.

But I do find £200 compensation fairly reflects the overall level of service provided by Fairmead during this claim, the requirement for Mr and Mrs M to frequently chase for

updates, their loss of expectation, and the overall distress and inconvenience they experienced. Therefore, it follows I'll also be directing Fairmead to pay Mr and Mrs M £200 compensation if it hasn't done so already.

### **Putting things right**

For the reasons I've mentioned above, Fairmead Insurance Limited must now:

- Compensate Mr and Mrs M with a further three months loss of income in line with the previously agreed monthly rate.
- Include simple interest\* at 8% per year on this payment, from the date it made the final loss of income payment to Mr and Mrs M, to the date of settlement; and
- Pay Mr and Mrs M £200 compensation for the distress and inconvenience caused (if it hasn't done so already, following its 19 July 2024 final response letter).

### **My final decision**

My final decision is I uphold this complaint. I now require Fairmead Insurance Limited to settle this complaint in line with my instructions above.

\*If Fairmead Insurance Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr and Mrs M how much it's taken off. It should also give Mr and Mrs M a tax deduction certificate if they ask for one, so they 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 and Mrs M to accept or reject my decision before 30 April 2025.

Liam Hickey  
**Ombudsman**