

## The complaint

Miss H has complained about the handling of a claim made under her home insurance policy by U K Insurance Limited.

Miss H is represented by Ms N, but for simplicity I will just refer to representations as being made by Miss H.

## What happened

The details of this complaint are well known to the parties, so I won't repeat them again here. 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.

Having done so I agree with the final conclusion reached by the investigator for the following reasons:

- The relevant regulator's rules say that insurers must handle claims promptly and fairly. So I've considered, amongst other things, the terms of the policy to decide whether I think UKI treated Miss H fairly by dealing with her claim in the way it did.
- The policy explains how the insurer will settle claims:

*For any item of contents that is lost or damaged we will choose whether to:*

- *replace or repair the item or part*
- *pay the cost of replacing or repairing the item or part, up to the amount it would have cost us to replace or repair using our own suppliers, or*
- *make a cash payment.*

*We won't pay more than the amount it would have cost us to replace or repair using our own suppliers.*

This is not an unusual policy term and generally I would agree that an insurer can appoint its chosen agent to provide a repair or replacement.

- UKI agrees that Miss H went to some lengths to show that the carpet suggested by its supplier was different to the damaged carpets. But it says that this information could have been provided sooner. It is not in dispute that both the bedroom and lounge carpet were incorrectly assessed by UKI. I don't agree that UKI intentionally offered Miss H inferior carpets. But Miss H has lost confidence that UKI will provide her with carpet of the same standard that she is entitled to. In the circumstances I don't find her concern is unjustified.
- I appreciate UKI's argument that just because new information has been supplied it

shouldn't mean that the terms of the policy shouldn't apply – here allowing a full cash settlement at the costs presented rather than at UKI's supplier's discounted costs. I have some sympathy with this argument. But having considered the specific circumstances here, in particular the errors leading to loss of confidence in UKI's suppliers, I find it would be fair and reasonable to make a cash settlement based on what it will cost Miss H to replace her carpets, rather than what it would cost UKI. I'm satisfied this does not equate to betterment for Miss H.

- With regard to the bedroom carpet Miss H has submitted an estimate from a shop I'll call G, which UKI has seen. This is for £845 and a fitting and disposal cost of £135. Although the pile height is shorter than Miss H's existing carpet, the colour and backing are exact matches. It seems that this is the nearest specification so, I find it would be fair and reasonable to settle on the basis of this estimate.
- With regard to the lounge carpet, Miss H has sent details of what the exact carpet was when ordered from G in October 2021. There is no estimate at present, but it is the same shop which has provided the estimate for the bedroom carpet. UKI has said it is happy to pay the claim based on the lounge carpet details supplied, but to its limit of liability. It indicates that this would be £962.39. But as I said above, given Miss H clearly feels that the relationship has broken down, and not without good reason, I'm satisfied that UKI should settle on the basis of a reasonable invoice from G for supply, fitting and disposal.
- Miss H has asked this Service to note that £150 excess was paid for each claim. That is correct – each claim incurs an excess and this is stated in the policy schedule. Nevertheless I agree that for the distress and inconvenience this matter has caused Miss H, compensation is merited. UKI accepted the claim but many months later the carpets haven't been replaced. And the damage is evident (in the lounge) to visitors which adds to the upset. However I don't agree with Miss H that £300 is insufficient, I find it is fair in all the circumstances.

### **My final decision**

My final decision is that I uphold this complaint. I require U K Insurance Limited to:

- Pay Miss H £845 for the bedroom carpet and £135 for fitting.
- Pay Miss H the reasonable sum indicated on an estimate from G for the 'Obsession' lounge carpet supply, fitting and disposal.
- Pay Miss H £300 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 16 April 2025.

Lindsey Woloski  
**Ombudsman**