

The complaint

Ms M has complained about her let property insurer Great Lakes Insurance SE in relation to a claim she made after police found that her property had been converted to grow cannabis.

What happened

Ms M was notified in February 2024 that her property had been converted to grow cannabis and had suffered damage. She made a claim at that time. However, she did not have access to the property until 11 April 2024. With her policy due to renew in early May 2024, Ms M was concerned that a loss adjuster was not due to attend to assess the damage until 26 April 2024. When the adjuster attended Ms M was told there would then be a pause in the claim whilst his report was written and submitted to insurers.

As the claim progressed, other issues of concern arose for Ms M. In summary:

- She felt the loss adjuster should have expedited her claim but did not.
- She's been caused lots of stress due to a lack of transparency in the claim process.
- The loss adjuster didn't consider all of the damage at the property against all possible covers on the policy.
- When Great Lakes settled for the whole policy limit on the policy, this ignored contents items as well as loss of rent.
- Great Lakes wasn't initially minded to renew the cover for the whole year, only a month.
- A new, full year's policy was later agreed – she asked for the terms to be changed (one added and one removed).
- Subsequently, new terms were added, she's unhappy with those terms and feels they're illegal, she believes the policy was mis-sold as it's not really a landlord's policy.

The last point was made subsequent to Great Lakes issuing a final response to Ms M. On the other points, Great Lakes did not uphold the complaint.

Our Investigator felt Great Lakes had handled matters reasonably. He wasn't minded to conclude it had done anything wrong.

Ms M was unhappy with our Investigator's view. She asked for an Ombudsman's decision.

The complaint was referred to me for review. I noted that, following our Investigator's view, Ms M was concerned that we had not been able to comment on her last point from the bullets above, about mis-sale. I found I was minded to uphold Ms M's concerns about her loss of rent claim not being considered by Great Lakes. In respect of the other concerns raised by Ms M, I wasn't minded to make Great Lakes do anything more.

So I issued a provisional decision to explain in more detail why the mis-sale point couldn't be considered, as well as to set out my views and redress where relevant on the other points raised. My provisional findings were:

"I'd add at the outset though that ours is an informal service. As such I won't reference every point made or piece of evidence presented. I can assure both parties that I've read and understood everything provided."

Expediting the claim

I can see why Ms M was worried as the renewal date of her policy approached. However, I can't fault Great Lakes for not being able to do anything until entry was gained to the property. I think it visiting the property about a fortnight after and then asking for a short pause whilst the report was written and considered was reasonable.

Lack of transparency

I can see that Ms M says she was not aware that work undertaken by Great Lakes would ordinarily be off-set against her policy limit. But from what I have seen the loss adjuster seemed to have been attempting to move the claim along in the best way possible. And, in any event, I also see that Great Lakes ultimately chose to not apply those costs to the policy limit. I think that was a fair way both of acknowledging the upset caused to Ms M and resolving her concerns in this respect.

Damage considered

I can see that Ms M seems to think the loss adjuster had a duty to consider all damage and decide whether the policy should respond. However, whilst that might be something a loss assessor acting for a policyholder might do, I'm not persuaded it fits the role of a loss adjuster acting on behalf of an insurer. Ms M had made a claim for damage done to her property when it was converted into a cannabis farm – so the insurer appointed a loss adjuster to assess the damage in that respect. I'm satisfied that is what was done and if Ms M is aware of damage which she thinks has been caused by something else covered by the policy it would be up to her to make a claim in that respect.

Renewed for a month

I appreciate it was stressful that renewal was only initially agreed for a short period. But clearly, following the claim, the risk the property presented had changed. I can understand that Great Lakes wanted to review that. I think the visit by the loss adjuster and his pending report would likely have been important to its decision. So I can see why, at the end of April 2024, with the policy due to renew in around a week's time, Great Lakes only agreed to put cover in place for a month. The timing was not ideal – but I don't think that resulted from any failure by Great Lakes.

Full year's cover, change of terms

Great Lakes, before the end of the one month period of cover, agreed to extend the cover to the full year. At that time Ms M said she wanted Great Lakes to add in a term which "subrogated" all her rights in the policy to any tenant. She also said Great Lakes should remove the term which required her to check the property every six months.

Great Lakes said it couldn't agree to Ms M's rights being transferred in the way suggested. It said its contract was between her and it, not any tenant. I think Great Lakes makes a valid point here. There are different contracts in play – the one Ms M has with Great Lakes and the one she has with her tenant. Her tenant wouldn't have what is known as an insurable interest in the property – as the property owner, it is Ms M that would hold the policy of insurance and be responsible for complying with it.

I know Ms M thinks she could not comply with checking the property every six months as that would be in breach of her tenant's right. I can't comment on any legal position regarding landlord/tenant law. However, from my experience it is quite usual for insurers to include clauses like this in policies for let properties. I'm not persuaded Great Lakes has done anything wrong. Ms M might like to seek legal advice if she has any remaining concerns.

Mis-sale and illegal terms

Ms M has said she thinks the policy was mis-sold because it is not really a landlord's policy. In addition, on 31 July 2024, Ms M told Great Lakes she was unhappy about a term it was seeking to add to her policy. The term would require her, when she was looking to place a new tenant, to give it 30 days-notice before the start of any tenancy, to vet the checks she had undertaken on said tenant.

I've dealt above with two changes to the cover Ms M had complained to Great Lakes about before it issued its final response letter. Great Lakes' final response letter responded to those issues. However, the allegation of mis-sale and the application of an unfair term about vetting, were not put to Great Lakes prior to its final response letter being issued.

Depending on how this policy was sold, Ms M may be able to complain to Great Lakes about the sale – it's possible the broker was selling the policy as Great Lakes' agent. If the broker was not acting as Great Lakes' agent, it may or may not be possible for Ms M to complain to the broker about the policy being mis-sold. But what I can't do is consider the mis-sale complaint here, under this reference, against Great Lakes.

It would most likely have been Great Lakes which sought to apply the policy term regarding vetting. But again, as this was not a complaint put to Great Lakes, which it had chance to answer in its final response letter, it's not a complaint point I can consider here.

Policy limits

Ms M's property and some contents which belonged to her were damaged as a result of the property being converted to grow cannabis. Great Lakes has agreed to deal with that damage under the malicious damage cover offered by the policy. I think that was reasonable of it.

However, the malicious damage cover, for damage caused to buildings and contents, contains an exclusion. Effectively the cover on the policy for damage caused is limited to a sum of £7,500 for any one incident of malicious damage. Great Lakes has, therefore, said it will only pay Ms M £7,500 to cover all heads of loss – building, contents and loss of rent.

I understand Great Lakes sent Ms M a cheque for this sum – net of any policy excess. Great Lakes has not said why no excess was taken – but I suspect that was because the claim was for more than the limit it applied. This Service finds it fair for any excess to be applied to the claim amount, rather than to any applicable limit. I understand Ms M did not cash this cheque. If Ms M wants this cheque to be reissued, she should contact Great Lakes.

For the buildings and contents items, I think Great Lakes took a fair approach. The policy clearly says that in these two respects, Great Lakes will be liable for resolving damage but that there is a single limit for any one incident. The incident here – converting the property for growing cannabis, caused damage to both buildings and contents, so the single limit that applies for damage to both areas of cover reasonably applies.

I don't agree it reasonably applies for loss of rent though. The loss of rent cover makes no reference to the exclusion which appears against the malicious damage cover in each section. The loss of rent cover also does not say there will be no cover if an exclusion from elsewhere in the policy limits Great Lakes' loss. Further, neither the malicious damage cover set out in each section of the policy, nor the specific exclusion within that cover, make it clear that the limit applies to claims that extend to loss of rent also. So I intend to require Great Lakes to consider Ms M's claim for loss of rent under the policy.

Compensation

I can see it has frustrated Ms M to be told there was simply no chance of a successful claim for loss of rent because of the policy limit. I'm minded to say Great Lakes should pay £100

compensation in this respect. To be clear, I understand that Ms M has been caused worry because she has had no income from the property, but I can't reasonably require Great Lakes to compensate her for that. That's because, at this time, I don't know if any claim under the policy for loss of rent, had Great Lakes considered it, would have been successful."

Great Lakes did not reply to my provisional decision. Ms M said she was very unhappy with what I'd said.

I've summarised here Ms M's points made in reply to my provisional decision. But I can assure Ms M that I've read and taken note of all of her detailed comments. Ms M said:

- 1) She'd like to know what the role of the Ombudsman is.
- 2) She hasn't been understood or listened to.
- 3) The decision does not acknowledge she is vulnerable.
- 4) She feels the provisional findings "be-little" her.
- 5) Subjective language had been used when this should be objective.
- 6) Being objective would include consideration of the legalities of insurance.
- 7) The matter hasn't been properly investigated as all her questions asked haven't been answered and her experience/rights haven't been taken into account.
- 8) All emails and phone calls should be read/listened to.
- 9) The most important event in all of this was the loss adjuster not doing his job properly or acting in line with CILA (the Chartered Institute of Loss Adjusters).
- 10) The loss adjuster did not understand what was insured.
- 11) She'd like to see the loss adjuster's report to see if it was CILA compliant.
- 12) She doesn't agree with me on the scope of works.

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.

Point 1

I can certainly provide some further detail here about our role. We explain our role in detail on our website: <https://www.financial-ombudsman.org.uk/who-we-are/make-decisions>. In summary, the Financial Ombudsman Service is the alternative dispute resolution service for the financial industry. As such we are impartial and independent. It is our role to consider and resolve complaints between financial businesses and their consumers.

As an independent dispute resolution service, we assess the complaint as it was at deadlock between the parties. This is usually at the point of the business's final responses letter. We won't usually be able to address points that were not initially complained about to the business and/or which were only raised after a relevant final response letter was issued. It is not part of our role to either seek to punish a business for wrong-doing or investigate their internal processes with a view to changing them in order to protect others in the future. That is more the role of the regulator – the Financial Conduct Authority.

We operate a two-stage complaint process. A complaint will initially be considered by one of our Investigators. If either party is not happy with that outcome they are entitled to refer it to an Ombudsman for a final review. An Ombudsman will review the complaint afresh – if they agree with the position taken by the Investigator and there's nothing 'new' to consider then the Ombudsman will likely issue a final decision. But if an Ombudsman notes something which needs addressing or has a different view on part, or all, of the complaint than the Investigator, then they'll likely issue a provisional decision to share their views with both parties. Doing so affords both parties a chance to reply and have the Ombudsman consider their final comments. Which is what I did, and am doing, here.

Point 2 – 4

I'm sorry Ms M feels like she hasn't been heard, that her vulnerability hasn't been referenced and that she thinks my provisional decision "be-littles" her. I certainly meant no disrespect by anything I wrote and I find it truly unfortunate that I've caused upset.

It's in the nature of my role that my findings often don't favour one of the parties and, therefore, will likely disappoint them. My perspective on a complaint will sometimes be at odds with what at least one of the parties expects to see or hopes to hear. When considering this complaint provisionally I took account of what Ms M had reported, the concerns she had raised and I then considered if that meant Great Lakes had failed her and, if it had, whether it had acted reasonably to resolve that. When I issue findings on a complaint like this, as I also mentioned previously, I won't necessarily mention everything or every point raised. I was aware when considering this that Ms M was out of the country, dealing with some difficult personal issues and she had also told us of a learning disability she has. Whilst I did confirm I had taken everything into account, I chose not to set out all of that specific detail. I'm sorry that made Ms M feel that her situation had not been fully considered. I can assure her it was.

Point 5 and 6

I note that Ms M thinks it is wrong for me to use subjective language, such as stating what "I think". She thinks any findings I issue should be objective and include a consideration of the legalities of insurance.

I understand that Ms M might like me to use different phraseology. However, a provisional decision will often include phrases such as "I think". That is because a provisional decision is not final, rather I am sharing my view on the complaint with both parties.

Whilst I can understand that Ms M wants to see some comment on the legalities of insurance – it is not a part of my role to make judgements on a legal basis like a court might. Rather, whilst I'll have regard to any relevant law, my focus will be on the circumstances of the complaint at hand and what a fair and reasonable outcome for that will be. Unless my findings turn on a piece of legislation, I'll be unlikely to set out specific detail about what the rules are, what should happen and what actually occurred. With regret for the disappointment this will cause Ms M, I'm satisfied that detailing and analysing this, from a legal point of view, is not warranted here as part of this complaint to our Service.

Point 7 and 8

I understand that Ms M wants certain answers to be given, but that isn't usually an approach I'd take and I've explained the informal nature of our Service already. However, in an effort to help Ms M towards a more satisfied position I will say the following:

- Broker harassment, have all phone calls been listened to? – I haven't listened to any calls. This complaint – as described by Ms M in her emails of 30 April 2024 and 1 May 2024 – is about how the claim was being handled given Ms M had just then recently gained access to the property and what that might mean for her cover moving forwards. So that is the complaint I've considered. She did not detail any concerns about harassment by the broker in these emails. It's not clear if the broker was acting for Great Lakes during these calls. Ms M did not ask Great Lakes to consider this issue in her emails to it, which were considered by it as her complaint, and it did not comment on it in its final response letter.
- Is the statement of works correct? – I have not considered here if this was correct, Great Lakes settled the claim based on the policy limits.
- Did the loss adjuster correctly advise of the claim process? – I can never know exactly what was said between a loss adjuster and the policyholder.
- Was a complaint escalation process given at any time? – This type of detail is usually given within the policy documents, in any event Ms M did make her complaint to Great Lakes and this Service.

As I have previously said, I can assure Ms M that I've considered everything provided – which includes email correspondence and the details she's given about what she went through. I'd add that I haven't felt, when assessing this complaint, that something pertinent might have been discussed in a phone call, the conversation of which I would then need to hear in order to reach a fair and reasonable finding on the complaint. Meaning I haven't asked for any call recordings to be provided. I remain of the view that there aren't any calls I need to hear in relation to the issues at the heart of this complaint I'm considering.

Points 9-12

I can see that Ms M feels entirely let down by the loss adjuster. I know she thinks they should have done more, said more and looked to expedite things for her more. I totally understand that, especially because Ms M was away from the UK and (understandably) busy with other matters, she'd hoped her claim would be swiftly and easily dealt with. I'm sorry that, from her perspective, that was not her experience.

But during my review, I noted that the loss adjuster first attended within around two weeks of Ms M gaining access to the property. There was no delay there. Time was then required for Great Lakes to assess the loss adjuster's report and some concerns did arise for Ms M when the adjuster told her of the policy limit and that the cost of works Great Lakes had done would be deducted from that. I understand that was worrying for Ms M – but I note that the matter was swiftly resolved with Great Lakes agreeing to pay the full policy limit. So, accepting the loss adjuster made an error – by not informing Ms M of likely costs, the policy limits and not giving her a chance to avoid having a lower settlement – the consequence of that error was resolved by settling at the policy limit.

Similarly, I know Ms M is concerned that the loss adjuster did not know initially that she had contents cover. I accept that is far from ideal, and it would certainly have been a problem if that meant it affected or would likely have affected the settlement Great Lakes made. But the buildings and contents cover were tied to a single limit, which Great Lakes settled on. So any error which occurred did not have a substantial or lasting impact on Ms M.

When Great Lakes provided its file, it didn't provide the loss adjuster's report from April 2024 – so I can't share it with Ms M. Likewise Great Lakes didn't provide the scope of works – but I did not offer any comment on the content of any scope of works in my provisional decision.

I know Ms M would like me to judge the loss adjuster's actions in light of the rules set out by CILA. That's not for me to do. I stand by what I said provisionally – Ms M made a claim to Great Lakes about her property having been damaged when the tenant had used it for cannabis production, so it was reasonable for Great Lakes to appoint a loss adjuster to assess the property in that light. Also that, in assessing the property in light of that claim, that it wouldn't reasonably be for that loss adjuster, appointed by Great Lakes, to assess all damage at the property – even that seemingly unrelated to cannabis production – and set out if that was likely claimable under the policy. If Ms M had wanted a professional view on the state her property was left in, so she could decide if any or all of it might be something she could claim for – it would've been for her to appoint someone to act for her to do that.

I understand that CILA does operate a complaint review process for concerns about its member loss adjusters. I know that CILA will not consider a complaint if it might cross over in part or all with any complaint being considered by this Service. Now I've issued my final decision, Ms M may wish to revert to CILA with her specific concerns about whether Great Lakes' loss adjuster complied with its requirements. I can't say whether that is something CILA would look into for Ms M, but I think it's only fair that I signpost here the possibility for her, so she can look into that if she wishes.

In summary

I've reviewed the complaint in light of Ms M's response to my provisional decision. With regret for any additional upset this may cause her, I've not been persuaded by what she's said to change my view on her complaint. I'm still satisfied that I can't comment on the mis-sale of the policy when it renewed. I'm also still satisfied by the comments I set out provisionally about the parts of Ms M's complaint where I wasn't asking Great Lakes to do anything further. Finally, I can confirm that I've found that Great Lakes failed Ms M regarding loss of rent and that it should have been considering a claim for her in this respect. As such I'll now direct it to do so and pay £100 compensation to Ms M for the upset she was caused because it declined to do so previously.

Having reviewed everything, my provisional decision hasn't changed. As such my provisional findings, along with my comments here, are now the findings of this, my final decision.

Putting things right

I require Great Lakes to:

- Consider a claim for loss of rent.
- Pay Ms M £100 compensation.

My final decision

I uphold this complaint in part, as set out above. I require Great Lakes Insurance SE to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 17 April 2025.

Fiona Robinson

Ombudsman