

The complaint

Mr R and Ms R complain about The New India Assurance Company Limited (“New India”)’s handling of their buildings insurance claim.

Mr R and Ms R are represented by “B”. However, for ease I will refer to Mr R and Ms R below.

All references to New India also include its appointed agents.

What happened

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

However, in summary, Mr R and Ms R own a property they rent out to students. The property suffered a fire in August 2021 and a claim was made to New India.

The claim was accepted in December 2021 and quotes for works were obtained by March 2022. New India appointed a surveyor to verify the costs and the proposed works. It agreed to finance works with one of the quoted contractors and appointed its own surveyor to project manage them.

The contractor finished working at the property in March 2023, however Mr R and Ms R had concerns about the work carried out. They obtained a report from their own surveyor, who concluded some of the work had been completed poorly and didn’t comply with relevant standards and regulations. New India also acknowledged issues with the contractors – including working to its quoted costs. New India had to instruct new contractors to rectify and complete works, which concluded in June 2024.

As part of their claim, Mr R and Ms R have claimed for loss of rental income. New India paid loss of rent up until August 2023, however it says Mr R and Ms R only have a two-year indemnity under their policy for loss of rent. Had Mr R and Ms R selected a longer period when taking the policy out, New India says it would have considered paying further loss of rent under the policy terms.

Mr R and Ms R are unhappy with New India’s response. They brought their complaint to our service. In addition to the loss of rent issue, in summary, they’ve highlighted they’re unhappy with the following:

- New India’s handling of the claim. Including initial delays in choosing a contractor and the subsequent delay in works starting.
- New India’s surveyors not adequately supervising the works from the initial contractor and the subsequent issues with the works being inadequate
- Delays in acting when they raised issues with the initial contractor’s works.

Our Investigator recommended the complaint be upheld.

He identified that New India had caused some avoidable delays in its handling of the claim. He said works should have been completed in March 2023, but due to the poor workmanship of the contractor, which New India oversaw, this wasn't completed until June 2024. While he acknowledged the point about the policy only providing two years cover for loss of rent, he set out that Mr R and Ms R had suffered a consequential loss due to New India's actions. Therefore, he felt it should reimburse Mr R and Ms R for the rental income they lost between September 2023 and June 2024.

He also considered the impact caused by the delays and the worry caused by the loss of the rental income to Mr R and Ms R. He recommended New India pay Mr R and Ms R £800 compensation.

Mr R and Ms R accepted our investigator's view of the complaint.

However New India have not provided any response to our Investigator's view. So, the complaint has now passed to me to decide.

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 conclusions reached by the investigator for these reasons:

- The claim was accepted in December 2021, and I can see quotes were obtained from contractors by March 2022. New India appointed a surveyor to verify the costs and scope of work required. This isn't unusual and I don't think this was unreasonable.
- However, I can see there was a delay of a few months in appointing a surveyor and subsequently obtaining its recommendations. I can also see Mr R and Ms R requested several updates that New India failed to respond to.
- A new loss adjuster was appointed by New India in July 2022 and its surveyor attended the same month. It selected one of the proposed contractors and set out works would be project managed by its appointed surveyor. This was agreed in August 2022; however, works didn't begin until November 2022 – and I've not seen any explanation that persuades me this delay was unavoidable.
- The initial contractor completed works in March 2023, but a second contractor was required to rectify and complete works to a sufficient standard.
- It doesn't appear to be in dispute the initial contractor's works were insufficient – demonstrated by the appointment of the second contractor. New India's adjuster also acknowledges in its June 2024 report that the work undertaken by the initial contractor was of an unacceptable standard and that it had ceased work at the property.
- While I appreciate the policy only provides loss of rent cover for two years, I'm satisfied, Mr R and Ms R have suffered a consequential loss. Had the works been completed adequately by the initial contractor, I think it's more likely than not they'd have been finalised before the end of the indemnity period in August 2023. As, they weren't completed until June 2024, I think New India needs to compensate Mr R and Ms R for this loss.
- I've also considered the distress and inconvenience New India's actions have caused to Mr R and Ms R. I've identified avoidable delays caused by New India in progressing the claim, as well as poor communication and the impact and worry caused to Mr R and Ms R by the inadequate works and subsequent loss of rental

income. With this in mind, I think the £800 compensation recommended by our Investigator is reasonable and within the region of what I would direct in the circumstances.

So for these reasons, I uphold this complaint.

Putting things right

To put things right New India should:

- Pay Mr R and Ms R the loss or rental income they suffered between August 2023 and June 2024. I can see relevant information about loss of rent has been provided to New India by Mr R and Ms R previously, but it can ask for updated information about the student rental income should it require it.
- Pay Mr R and Ms R £800 compensation.

My final decision

My final decision is that I uphold Mr R and Ms R's complaint.

To put things right I direct The New India Assurance Company to do as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R and Ms R to accept or reject my decision before 30 June 2025.

Michael Baronti
Ombudsman