

The complaint

Mr B complains about the way U K Insurance Limited (UKI) handled a water damage claim under a landlords insurance policy.

Reference to UKI include its agents.

What happened

The details of this complaint are well-known to the parties, so I won't repeat them. Instead, I will focus on 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.

Many points have been made in relation to this matter – I've not addressed each one individually. Instead, I've focused on what I consider to be the key points. I mean no discourtesy to either party by this; it simply reflects the informal nature of this Service.

The claim

Mr B owns a property he rents to tenants. The property was insured by UKI. A routine inspection in May 2024 noted water damage in a bathroom and hallway. Mr B therefore raised a claim to UKI in July 2024. Mr B instructed his own contractors prior to notifying UKI, they provided reports and a scope of works. The damage was said to be due to excessive water use by tenants and the scope of works detailed extensive repairs to strip out, dry and repair the property, estimated to need roughly 12 to 16 weeks.

UKI instructed its agents to inspect the damage in August 2024. I find this was a fair and reasonable approach for it to take due to the extensive damage. Their report noted defective grout and sealant, water all over the floor, and excessive water use. UKI reviewed matters and declined the claim on 18 October 2024. It concluded, in summary, damage occurred over time due to excessive water use, rather than a one-off insured event. I am satisfied UKI's conclusion was fair, supported by photos I've reviewed, and by reports Mr B sought.

Therefore, it follows that on the evidence available to me I find UKI's decision to decline this claim was a fair and reasonable one, and not contrary to the evidence.

The handling of the claim

Mr B has said UKI took far too long to decide this claim given the circumstances were clear at the outset, this prolonged matters and caused him to incur costs/losses. On the evidence available to me, I find the identifiable avoidable delay UKI were responsible for was 5 September to 18 October 2024. I'll explain why.

The claim was reported on 17 July 2024. I find things were handled satisfactorily by UKI in instructing its agent to inspect the damage. This is commonplace for a claim involving extensive water damage and repairs with a potential to last several months. An insurer is entitled and required to give fair and prompt consideration to a claim.

Based on the claim notes, UKI were in receipt of their findings by 22 August 2024. I find UKI had an appropriate level of information at this point to assess the claim, refer the matter to underwriters as it did later, and communicate its claim decision to Mr B within a reasonable time, which I find would have been by 5 September 2024 (within two weeks).

Unfortunately, things didn't go smoothly from this point. Mr B was chasing UKI for updates and told it in September 2024 that damage wasn't due to a burst pipe. Rather than deciding the claim in that two-week period I find would have been reasonable, UKI requested more information from Mr B (such as tenancy information) which I find was irrelevant to the claim decision, and unnecessary given what I've set out above.

There were further delays caused on the part of UKI in chasing up its agent. It then received contact from its agent on 2 October 2024 which set out, in brief, based on all the evidence, they recommended the claim be declined. UKI referred the matter to its underwriters, and its claim decision was communicated to Mr B on 18 October 2024. This decision was reached far later than it should have been. This caused Mr B some inconvenience and the requirement to make a great deal of extra effort to progress things (such as chase and provide information that was unnecessary). It follows some compensation is due which I'll return to later.

Mr B has said UKI caused several months of delay, not several weeks. However, the period in which Mr B is referring to extends to March 2025. This was when the works were completed by his contractors which, based on his submissions to our Service, Mr B initially expected to be complete by January 2025. UKI are not responsible for Mr B's contractor lead times nor the duration of repairs.

The water damage noted in May 2024 meant works were always required at Mr B's property. Mr B was aware tenants would not be able to reside at the property for at least 12 to 16 weeks, based on his own contractors estimates. Mr B therefore would have also been aware, prior to making the claim, he would incur additional costs and lose out on rent.

I am satisfied Mr B always intended on using his own contractors for the works. I say this because he had instructed them as early as May 2024, and received repair quotes, one of which with an expiry date of 27 July 2024, which would only have allowed UKI ten days from claim notification to assess and decide the claim, which would have been unlikely based on what I've set out above.

Mr B decided not to proceed with his contractors when he says he was able to do so as he was awaiting UKI's claim's decision. I don't find it was necessary for Mr B to wait for UKI's decision before proceeding with his own contractors, given he would have been aware of the circumstances I've mentioned above regarding the property being empty for several months, and the costs involved in the same.

In conclusion, I find UKI caused material avoidable delays between 5 September to 18 October 2024. I am not satisfied the costs/losses Mr B is seeking UKI pays him are wholly or predominantly the direct result of the six weeks of delay. Rather, I find these costs are attributable to a property requiring extensive repairs over several months. It follows I don't require UKI to take action in this respect.

Returning to the delays, UKI offered to pay Mr B £300 compensation for the distress and

inconvenience caused. The Investigator recommended UKI paid £500 compensation as he considered these delays caused Mr B considerable distress and disruption. On the available evidence, I find £500 satisfactory. It follows I'll be directing UKI to pay Mr B £500.

I accept my decision will disappoint Mr B. But it ends what we – in attempting to informally resolve his dispute with UKI – can do for him.

My final decision

For the reasons given above, I uphold this complaint and require U K Insurance Limited to pay Mr B £500 compensation in total.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 9 September 2025.

Liam Hickey
Ombudsman