

The complaint

Mrs A has complained about her let property insurer U K Insurance Limited. She blames it for various financial and non-financial losses she's incurred and suffered since 2020, following a claim, made for a water leak which had caused subsidence.

I explained in a provisional decision that there were only some parts of Mrs A's complaint which I could consider. This decision considers the merits of those parts only. Whilst reference is made for context to the parts of the complaint I can't consider, I've issued a separate decision concluding my finding that I can't look at those aspects.

What happened

Mrs A noticed cracking at her property and made a claim to UKI in 2020. It ultimately agreed to log it as a claim for escape of water (EOW) under the policy, not subsidence, also agreeing to charge an EOW excess rather than that which applied for subsidence.

The claim did not progress as Mrs A had hoped and she complained to UKI. Between December 2020 and 24 November 2021, UKI issued five final response letters (FRLs) to complaints Mrs A had made. In short, these covered aspects such as poor communication and delay, and the knock-on effect the delays were having on Mrs A selling the property.

Subsequently claim repairs continued at the property and UKI issued a completion certificate on 24 April 2023. UKI had been paying Mrs A for lost rent and council tax – connected to the complaint she'd made regarding not being able to sell the property. In a FRL of 20 June 2023 UKI acknowledged there'd been issues with getting the cause of the loss correctly diagnosed and repaired. It agreed to cover loss of rent (LOR) for a further three months post-completion of works, to allow for re-letting the property. Regarding a complaint Mrs A had made about the premium for the 2022/2023 policy year, it said it would pay her £500 as the cost of work had been a factor for pricing, with it having caused the cost of work to increase. Finally it said it would pay £750 compensation for delays.

Around that time Mrs A had been contacted by the local council, which said it was doubling the council tax. Mrs A, still minded to sell the property, had received advice which suggested she should undertake work to update the property to increase its saleability. She was also told the market wasn't very quick, so she decided that, once upgrade work was done, she would let the property as a holiday let whilst selling it, also because having a sitting tenant whilst selling can hamper the sale.

In August 2023, when the upgrade work was starting, a leak was found in the property in the area UKI was meant to have repaired. Mrs A approached UKI and it initially said that would have to be another claim. But it later agreed to treat it as part of the same incident. Mrs A remained unhappy and made a further complaint to UKI.

UKI issued a further FRL on 13 December 2023. It acknowledged further delays and poor handling; the effects on Mrs A of which it said were likely compounded because of prior issues with the claim. It said it would pay £1,000 compensation. It said it would pay Mrs A's plumber's costs to date – and it later settled all of them. It also said it would pay Mrs A

£7,000 – this on the basis of what it felt her likely loss had been for not being able to let the property to holidaymakers. It suggested the relevant period for this was September 2023 – March 2024, during which time it felt the property may have been let for 70 nights at £100 per night.

Mrs A was unhappy. She felt UKI should be paying her, or compensating her for:

- Lost rent (as opposed to holiday let income) and council tax for 11 months August 2023 to June 2024. £19,690 less £7,000 = £12,690
- Council tax charges for May 2023 to July 2023. With UKI having paid lost rent for these three months but not council tax. £810.
- £500 reimbursement of premium for the August 2023 renewal – based on UKI previously having agreed a £500 reimbursement for the 2022 renewal.
- Renovation costs. Mrs A had paid to upgrade the property to assist in it selling which she wouldn't have needed to do but for UKI's delays since 2020 (meaning it couldn't be sold at a more optimum time ie in 2021).
- Loss in value of property. It may not be possible, Mrs A said, to sell it for as much now because the market is not so buoyant and/or it might take longer to sell, meaning they won't recoup their equity as quickly. There will be more taxes to pay.
- Mortgage costs. They are having to pay for this property and their own home, where they'd otherwise have settled both mortgages following the sale of the let property.
- £1,094.40 for travel costs. They visited the property to manage the repairs post the August 2023 leak until repairs were completed in 2024.
- Damage to the ceiling caused during the 2023/2024 reworks.
- All of the upset experienced for managing the claim since 2020. Mrs A feels £6,000 to £8,500 would be fair and in-line with other awards made by the Financial Ombudsman Service in similar circumstances.

Our Investigator considered everything and made recommendations for settling the complaint. Mrs A wasn't happy with the level of compensation suggested – she thought it didn't properly account for upset caused over the whole claim. UKI agreed to some recommendations, but not others. It highlighted that it had considered delays in its FRLs issued in 2020-2021. UKI also said that, at an earlier stage in the claim, it had paid Mrs A £10,000 for repairs which she hadn't used and it hadn't previously sought to recoup – so it might look to do that now, meaning it won't look to settle any further costs with Mrs A.

The complaint was referred to me for an Ombudsman's decision and, as I've noted above, I ultimately found there were parts of Mrs A's complaint I could not consider. I determined, when referencing the bulleted list, set out above, of what Mrs A felt UKI should be compensating her for, that I could consider:

- Council tax, May 2023 to July 2023.
- Lost rent and council tax, August 2023 to June 2024.
- August 2023 premium reimbursement.
- Travel costs.
- Damage to the ceiling.
- Distress and inconvenience caused after 24 November 2021.

I issued a provisional decision to share my views on these aspects with both parties. I also commented in those findings on the £10,000 payment UKI had flagged in response to our Investigator's view. I wanted to give both parties a chance to respond to my findings before making a final decision. My provisional findings were:

"Council tax

Prior to its FRL in June 2023, UKI had said it would pay Mrs A LOR and council tax due to its delays. In answering Mrs A's further complaint about continued delays, UKI said it would continue with its prior resolution and extend the LOR payment for three months post completion of the repair work. So for May to July inclusive. It duly paid Mrs A LOR. But UKI's agreement with Mrs A had been to pay LOR and council tax. I think she reasonably expected that to continue and I've seen no good reason from UKI why it changed that. I think UKI should pay the council tax for this period, that is £810. It should add interest to that sum from the date Mrs A paid it until settlement is made.

Loss of rent and council tax [August 2023 to June 2024]

For the period August 2023 to June 2024, Mrs A wants UKI to pay her for what she would have received if the property was let to tenants. She says that is fair because her insurance with UKI was for that purpose and the mortgage for the property remained in place for that reason also. UKI, whilst it did agree to our Investigator's recommendation to pay these sums, pointed out that Mrs A did not have a tenancy agreement in place at that time and nor did she intend to let the property in that way, at the point the remaining leak was discovered.

As the complaint was not resolved at our investigator stage, it has come to me for review. When I review a complaint, it is my duty to make findings which are fair and reasonable. I can't say, on this occasion, that I agree that the recommendation made by our Investigator was fair and reasonable.

I have to look at the circumstances at hand, which include the intent and action of both parties. As of August 2023 Mrs A was planning to complete some work and then let the property to holidaymakers. That work couldn't be completed and the property couldn't be let as intended because of the leak which UKI had not fixed. That was a failure of UKI. In any complaint, once a failure is identified, I have to consider what is fairly and reasonably required to put matters right.

Here the impact on Mrs A, in August 2023, was that, as a consequence of her work being delayed and more work being needed, all because of UKI's failure, the property could not be let to holidaymakers. So the loss Mrs A had is the income she would likely have generated from letting the property as a holiday home.

The property had not been let in that way before. So there is no trading history which might direct what could likely have been earned by Mrs A from September 2023 onwards. I think UKI has generally approached this problem fairly by acknowledging that some letting would have occurred and I note it completed some research to determine that £100 per night could have been achieved. I think it largely acted fairly in that respect. I have only one issue with its reasoning.

UKI said Mrs A would have missed out on lettings over the Christmas/New Year period due to her on-going work. But I've seen no sign that her work to upgrade the property would have still been on-going in December 2023. Rather it seems the property couldn't be let at that time because of the problems related to UKI's failure. UKI seems to have accepted the property would have been booked up over Christmas if it had been on the holiday let market. I think it's fair for me to require UKI then to pay Mrs A and additional £1,400 – 14 nights at £100 per night. To this sum it should add interest, applied from the date it paid Mrs A £7,000 until settlement is made.

August 2023 premium

Mrs A was unhappy about the 2022 premium She felt it was more expensive due to all the work UKI had done, work which wouldn't have been necessary but for UKI's failures. UKI

accepted it had caused the cost of work to increase and that the premium had been affected as a result. It agreed to pay Mrs A £500. When Mrs A raised the same issue about the 2023 renewal price, UKI never answered that concern. I think that some confusion occurred with UKI thinking the £500 it had paid already had answered that issue. I've seen no reason from UKI why the 2023 premium wouldn't have been affected the same as that in 2022. I think it's reasonable for UKI to reimburse Mrs A £500 for the 2023 premium. To that sum it should add interest applied from the date Mrs A paid the 2023 premium until settlement is made.

Claim record – I also noted, whilst reviewing this issue that UKI's policy documents record four claims from 2020. They show one for EOW and three for subsidence. There was only one claim according to UKI – one for EOW. So I'm going to require UKI to amend its own and any industry records to make sure that only a claim for EOW is shown. In case it cannot amend the records for some reason, it should also provide Mrs A a letter to confirm she made, and it accepted, one claim for EOW only – that reference to a (or multiple) subsidence claim(s), is an error.

Travel costs

UKI has accepted that it failed Mrs A with the works completed in 2023, such that further damage occurred in August 2023. Mrs A wouldn't have had to manage the work undertaken in 2023 and early 2024 if UKI hadn't failed her. She's set out the journeys she took and calculated the mileage. She says that cost her £1,094.40. I think that's reasonable and that she wouldn't have incurred that cost if UKI hadn't failed her. In my view, it reasonably has to reimburse it. It should add interest to that sum from the 1 January 2024 – this an arbitrary date but roughly half-way through the period of travel being undertaken. I think applying interest from that date is a fair and simple way of acknowledging that Mrs A had to pay out of her own pocket for travelling to the property.

Damage to the ceiling

Whilst Mrs A's contractor was working on her property in late 2023/early 2024, damage was caused to a ceiling. Mrs A wants UKI to pay for that to be fixed. UKI has declined liability for this. I think that's a reasonable response – it had no control over that contractor and that contractor was not acting as UKI's agent. I don't intend to require UKI to pay for this.

Distress and inconvenience

As I said, I can look at what happened, and what upset Mrs A was caused from 24 November 2021. I can see that at this time Mrs A was concerned about works which had been done and a visit was arranged to assess them in February 2022. This was where, as UKI has referenced in its June 2023 FRL, poor work and an incorrect diagnosis were identified. As I understand it, a lot of rework was required.

I'm satisfied this put work at the property back drastically. Seemingly UKI expected another contractor would start in May 2022, but this didn't happen and in July 2022 UKI appointed a surveying company to source a contractor, complete a schedule of work and supervise repairs. Around this same time UKI paid Mrs A £10,000 for "other structural repairs". Whilst UKI subsequently completed all necessary repairs, it didn't ask Mrs A to pay this sum back.

Once the surveyor became involved and looked at the necessary work, discussion began with Mrs A as she had some works she wanted to be done which UKI felt weren't covered by the policy. I accept that these discussions added another layer of complexity to the claim and likely did impact the speed at which reinstatement work progressed. It was December 2022 when Mrs A resolved the debate about works by agreeing to pay UKI's contractor direct for the work UKI wouldn't agree to pay for. I appreciate that these months were difficult for

Mrs A, that negotiating with UKI was likely frustrating and ultimately did not result in the answer Mrs A required. However, UKI was only obliged to cover the cost of insured work, it wasn't unfair of it to refuse to cover the cost of work not required under the claim.

The contractor issued a certificate of completion in April 2023. From what I can see the work progressed reasonably to that point with no seemingly avoidable delays being caused in respect of the insured work. And Mrs A then had the house back in her control, with no involvement from UKI, until August 2023.

In August 2023 it became apparent that UKI had not fixed the leak as it had undertaken to do during the claim repairs. That meant that Mrs A had to go back to UKI again. And, at this point, Mrs A only needed to go back to UKI and to start the repairs again because of its failure. So everything she did and all the time she spent was avoidable. Mrs A should have been organising a short programme of works in August 2023 and then letting the property to holidaymakers from September 2023 onwards. Instead she was contacting UKI, challenging its initial reticence to accept liability and then managing a larger programme of works into spring 2024.

Looking at this broadly then, there were delays caused by UKI between January 2022 to July 2022. This was where the claim stalled because UKI found poor work. And there was then the period from August 2023 through into 2024 when its prior failure to fix a leak caused Mrs A significant problems. With those problems coming at a time when Mrs A should have been putting the whole claim behind her. I think the impact of UKI's failures on her during this period were felt much more keenly by Mrs A as a result.

I note UKI has agreed to pay the £2,500 recommended by our Investigator. In the circumstances here I do think that is a fair and reasonable sum. I note Mrs A has requested more – but that may be because she is looking at the whole four-year claim period. As I've explained I can't take everything which happened into account. For what did happen, in the period I've considered, as explained here, I think £2,500 is in-line with other awards we've made in similar circumstances. I intend to award this sum.

To be clear, UKI has already paid Mrs A £1,750 compensation for this period – £750 and £1,000 in its respective June 2023 and December 2023 FRLs. My award is a total sum. So UKI, if my final decision remains the same and Mrs A accepts it, will now have to pay Mrs A a further £750.

UKI's £10,000

At this stage I don't see that UKI, in the years since 2022, has ever sought to address this payment with Mrs A. It doesn't even seem, at any point, as though it suggested to her it would let her keep it as a goodwill gesture, as some kind of additional compensation. It wasn't referenced in either of its FRLs issued in 2023. Rather it seems it just forgot about it until after matters were reviewed following our Investigator's involvement.

If UKI wants to address this with Mrs A, it is free to do so. I am not going to make any overarching decision about this sum here. Other than to say, because it hasn't been raised with Mrs A before the point of our complaint, I don't think it would be fair for me to let it impact any outcome I make here."

UKI said it accepted my provisional findings. Mrs A said she disagreed with them.

Mrs A said, regarding lost rent and council tax for August 2023 to June 2024, that UKI had previously agreed to cover their actual losses such as mortgage liabilities whilst asking them to frame that as "lost rent". And the agreement was reached regardless of the intended

use of the property, with it still being under repair and uninhabitable at that time. With the subsequent completion certificate being incorrectly issued in April 2023, meaning the original agreement from UKI should continue. The money, Mrs A said, which UKI subsequently paid in-lieu of holiday rental income did not fully cover all her liabilities. She is facing a shortfall for this period of at least £12,690.

Turning to the August 2023 premium, Mrs A said she was unaware of the additional claims logged against her. This likely affected the premium and level of cover offered. That certainly seems to be the case for the policy 2024-2025. She'd like UKI to re-write all her policies and reimburse any difference in price for both claim leakage and additional heads of claim. She said the detail about additional claims is likely why she's had difficulty finding alternate cover – because she is saying on her application for cover that there's been one loss, but insurers are seeing more, so charging more.

Regarding damage to the ceiling, Mrs A said the contractor involved was UKI's contractor, not hers. UKI had sourced the contractor, with Mrs A paying a deposit so a start date could be agreed.

Mrs A, considering what I'd said about distress and inconvenience, said "uninsured work" had not created another layer of complexity. She said UKI had caused around four and a half months of delay which I had not accounted for. Mrs A said I had also not accounted for the issues encountered when she'd had to rearrange the mortgage for her home. She said a total of £3,500 would be fair and reasonable.

Finally, in respect of the £10,000 payment UKI had referenced, Mrs A said she had addressed this with UKI in correspondence in November 2024. She said this was all to do with the state the property's electrical supply had been left in by UKI's contractors, the payment had been used to resolve that and UKI owes her £212.18.

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.

Lost rent and council tax, August 2023 to June 2024

I appreciate Mrs A may have a shortfall for the period August 2023 to June 2024. I can see that she thinks an earlier agreement reached with UKI should continue. However, even if I accept that UKI previously agreed to cover mortgage costs and the like under the label "lost rent", that doesn't mean it must fairly and reasonably continue those payments. It is part of my job to decide, in respect of a complaint, what fair and reasonable redress looks like for the error which I've found occurred. I've explained provisionally the error which I found and what I felt fair and reasonable redress for that was. There's nothing more I can usefully add to that here.

August 2023 premium

Mrs A asked UKI to pay her £500 regarding the 2022 and 2023 premiums. It agreed to do that but mistakenly only made one payment of £500 to Mrs A. Despite the additional detail I found about what UKI had recorded at renewal, I've seen nothing which makes me think the cost of renewal in 2022 and 2023 was affected to any greater extent. I flagged the issue of the additional claims so as to prevent Mrs A from encountering any issue from any future insurer about misrepresentation. An insurer will often rely on what a prospective policyholder tells them when cover is applied for, it won't usually check the insurance databases at that stage to see what is recorded. So I'm not convinced that UKI's unfair record will have affected Mrs A in the way she believes it may have done.

Damage to the ceiling

I note what Mrs A says about how the contractor was arranged. But also that Mrs A was billed directly for work from the contractor. From what I have seen that arrangement likely came about because UKI was not prepared to agree to the full extent of works Mrs A felt was necessary. Overall I'm not persuaded that UKI was in control of the contractor, that the contractor was acting as UKI's agent. Which means I'm not going to require UKI to do or pay anything more regarding this part of the complaint.

Distress and inconvenience

I appreciate that Mrs A thinks the period over which UKI delayed the claim was slightly longer than I had set out provisionally. But even if I factored an additional four months or so of delay into the equation, my view on fair and reasonable compensation would not change. That is because our awards for compensation don't set out an amount to be applied per month of delay.

Where I make an award of around £2,500, that accounts for situations where an insurer's mistakes caused sustained distress or severe disruption to daily life for more than a year. So the period of delay and upset being caused for Mrs A of perhaps around 20 months, rather than 16, as I had allowed for, wouldn't warrant an increase in compensation.

I've explained, in a separate decision that I can't look at the knock-on effects of this let property not getting repaired earlier, allowing it to be sold, with the sale of this property said to have been key to Mrs A settling the mortgage for her home. As I can't consider any of that, any reported distress and inconvenience can't be taken into account as part of my award made in respect of this part of the complaint (which I can and have considered).

UKI's £10,000

For me, the fact that Mrs A and UKI were discussing this in correspondence in November 2024, almost a year after Mrs A initially complained to this Service and two months after our Investigator issued their view on the complaint, only serves to persuade me that my provisional position was fair. To recap that was: "I am not going to make any overarching decision about this sum here. Other than to say, because it hasn't been raised with Mrs A before the point of our complaint, I don't think it would be fair for me to let it impact any outcome I make here." I remain of the view that this sum does not impact what I have found to be the fair and reasonable outcome for this complaint, and I've set out below the awards I'm satisfied UKI should now pay, and the actions it should take, to resolve it.

Putting things right

I require UKI to:

Pay Mrs A:

- £810, plus interest* applied from the date Mrs A paid this sum until settlement is made.
- £1,400 plus interest* applied from the date it paid Mrs A £7,000 until settlement is made.
- £500, plus interest* applied from the date Mrs A paid the 2023 premium until settlement is made.
- £1,094.40, plus interest* applied from the 1 January 2024 until settlement is made.
- £750 compensation for upset – where my total award is £2,500 but £1,750 of that sum has already been paid.

*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require UKI to take off tax from this interest. If asked, it must give Mrs A a certificate showing how much tax it's taken off.

I also require UKI to:

- Amend its own and any industry records to show that, in respect of this incident, just one claim was made and accepted for EOW (not one for EOW and three for subsidence as is currently showing on Mrs A's policy documents).
- Write a letter for Mrs A confirming that she had an incident of EOW, which resulted in one claim under her policy being made by her and accepted by UKI – that any reference to three subsidence claims in addition to one for EOW, is an error by it.

My final decision

I uphold this complaint. I require U K Insurance Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 28 April 2025.

Fiona Robinson
Ombudsman