

## The complaint

Mrs E is unhappy with the decision by U K Insurance Limited trading as Direct Line (UKI) following a claim under her home insurance policy for damage caused by a fire.

UKI is the underwriter of this policy. UKI has accepted it is accountable for the actions of agents involved in the claim. In my decision, any reference to a company instructed during the claims process includes UKI.

## What happened

Mrs E held a home insurance policy with UKI which included cover for buildings and contents, and alternative accommodation. The terms and conditions included the following definitions:

<b>Home</b>	<i>The main residence occupied by you, at the address shown in your schedule, including its domestic garages and outbuildings.</i>
<b>You, your</b>	<i>The person or persons named in your schedule and any of the following who normally live with them; their husband, wife, partner, (person living with them as though married), civil partner, children, parents and other relatives normally living with them.</i>

The terms and conditions also explained:

### **Alternative accommodation, kennel fees, and lost rent**

*We will pay up to £50,000, in total, for alternative accommodation for you and kennel fees for your pets, and lost rent, if:*

- *your home is uninhabitable while it is being repaired, due to a valid claim you have made...*

### **Contents outside**

*We will pay up to £2,500 for loss or damage to your contents...*

In June 2023 Mrs E's home was caused damage by an external fire. Following notification of the claim to UKI, UKI arranged for a loss adjuster to assess Mrs E's buildings, contents and alternative accommodation claim. Mrs E appointed her own loss assessor to act on her behalf in respect of the claim.

The facts of Mrs E's claim are well known to be parties. So I haven't repeated them in detail here. Mrs E complained to UKI about several aspects of its claim handling.

UKI considered Mrs E's complaint but said it had acted in line with the terms and conditions of Mrs E's policy. UKI didn't offer to do anything in settlement of Mrs E's complaint. Mrs E

was unhappy with this decision, and so brought her complaint to the Financial Ombudsman Service for investigation.

The Investigator found that UKI had acted fairly in reaching its decision on Mrs E's claim, and didn't ask it to do anything in settlement of Mrs E's complaint. Mrs E didn't agree with the Investigator's findings. As the complaint couldn't be resolved it has been passed to me for 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.

I'd like to reassure the parties that although I've only summarised the background to this complaint, so not everything that's happened or been argued is set out above, I've read and considered everything that's been provided.

When we investigate a complaint about an insurer's decision on a claim, our role is to consider whether the insurer handled the claim in a fair and reasonable manner. So I've considered the evidence to determine whether UKI has acted fairly and reasonably in its handling of Mrs E's claim.

#### *Mrs E's contents*

Mrs E sent a beyond economic repair (BER) list of her contents to UKI. But the value of these items came to over £100,000, which was more than the policy limit on Mrs E's policy. Mrs E was informed about this and agreed to review and revise the BER list. She said she'd incorrectly included items that didn't belong to her. This included a large number of books.

Mrs E sent UKI a revised contents list which totalled £39,342.75. UKI settled Mrs E's contents claim for BER contents for this amount. UKI said £11,849.75 of the £39,342.75 paid, related to contents stored outside of Mrs E's home.

The policy terms and conditions explain for contents stored outside, UKI '*will pay up to £2,500 for loss or damage...*' Because of this policy limit, UKI had overpaid Mrs E £9,349.75. UKI told Mrs E that it had recognised that this overpayment had been made because of its error, and so wouldn't look to recover this amount from Mrs E.

Mrs E has explained that she was poorly with a chest infection and didn't properly check the second BER list before it was sent to UKI. She has explained that the books that were removed were stored on a bookshelf inside her home, and that they belonged to her. Because of this, Mrs E says UKI should pay her claim for these books, as they were incorrectly omitted from the second BER list sent to UKI.

I've carefully considered Mrs E's comments. And I recognise Mrs E's strength in feeling about what UKI should do to put things right. UKI didn't think any further payment for settlement of Mrs E's contents claim is due, because this part of her claim has been settled in line with the BER list it was provided with, which Mrs E herself approved at the time. And having considered the evidence, I agree with UKI's decision. I'll explain why.

At the time of submitting the first BER list to UKI, Mrs E had included a number of books which had been destroyed in the fire. When challenged on the value of the claim against Mrs E's policy limit, Mrs E agreed to review the BER list, together with her loss assessor, C. I'm satisfied Mrs E was given ample opportunity to carefully consider the BER list, despite the value of the first BER list exceeding her policy limit.

After taking the time to review the BER list, the second BER list sent to UKI categorically excluded all the books that had been included in the first list. I'm persuaded, more likely than not, that the decision to exclude the books was made with the consent and willingness of Mrs E. Given the time between the first and second BER list, it's reasonable to conclude that Mrs E had reviewed and agreed with the contents in the second BER list in support of her claim. So it was reasonable for UKI to rely on this evidence when settling Mrs E's claim.

I recognise what Mrs E has said about being poorly, and sending the second BER list without properly checking what had been removed. But given what had happened on the claim, specifically in respect of the policy limit, and what Mrs E had explained about removing items that didn't belong to her, I think it was fair for UKI to rely on this and issue payment in full and final settlement of Mrs E's claim after receipt of the second BER list.

I understand my decision will come as a disappointment to Mrs E. For the reasons explained, I won't be asking UKI to do anything in settlement of this part of Mrs E's complaint.

#### *Contents belonging to Mrs E's mother*

The policy terms say the policy would cover *'The person or persons named in your schedule and any of the following who normally live with them; their husband, wife, partner, (person living with them as though married), civil partner, children, parents and other relatives normally living with them.'*

At the start of the claim Mrs E was asked about the number of children, adults and pets residing at the insured address. There's no evidence of Mrs E disclosing that her mother, hereafter referred to as A, was living with her at the time of the fire. I think it was reasonable for UKI to rely on this information for the purposes of assessing Mrs E's claim.

Mrs E first mentioned the living situation concerning A after being told that UKI wouldn't be paying for her contents claim in full. Mrs E said some of the contents being claimed for belonged to A.

Mrs E told UKI that A had sold her house in June 2022, and had moved in with Mrs E. Mrs E said that A had purchased her own house at the same time, but as substantial renovation work was needed, A moved in with E while this was being undertaken. Mrs E says A was living with her at the time of the fire happening in June 2023.

As part of its investigation, UKI asked Mrs E to provide proof of address for A. Mrs E hadn't previously told UKI about A living with her, so it think UKI's interrogation of the evidence, and what Mrs E had informed it later in the claim, was reasonable.

During this investigation, Mrs E confirmed that A's address for the purposes of medical appointments with her GP remained A's new address for the house she'd purchased in June 2022. Mrs E did provide a bank statement showing Mrs E's address, but UKI didn't accept this because of the ease at which this information can be updated.

I've carefully considered the evidence, and Mrs E's submissions for saying that A's contents should be covered. But, on balance, I'm satisfied UKI's decision in saying that there wasn't enough evidence to support A was living with Mrs E at the time of the incident, and covered by the policy, is reasonable.

I say this because Mrs E hadn't disclosed any information about the living arrangement with A or A's contents, at any point after the claim was registered with UKI. The information

provided at the time only referred to Mrs E, her husband, daughter, and several pets residing at the insured address. I recognise Mrs E might not have felt this information was relevant at the time. But I think UKI's position in questioning why this wasn't disclosed sooner in the claim is reasonable.

I also don't consider the evidence Mrs E has provided in support of A living with Mrs E is conclusive enough in supporting Mrs E's position about A's residence with Mrs E. I recognise the difficulty in proving A's residence with Mrs E. But given the information disclosed at the start of the claim, and the timing of Mrs E's claim for A's contents, I'm overall persuaded UKI's decision to decline cover for A is fair, and in line with what this Service would direct in the circumstances. So I won't be asking UKI to reconsider this.

#### *Alternative accommodation*

UKI paid Mrs E two payments for alternative accommodation (AA). The first of these payments doesn't form part of Mrs E's complaint. However Mrs E has explained that in late July 2023 she contacted UKI and explained that because of health conditions relating to her chest, her home wasn't habitable as it was making her conditions worse.

Mrs E says UKI failed to provide any support in arranging AA. Because of this, Mrs E arranged AA herself at a cost of £6,990.38 to stay in an apartment between 24 July 2023 and 24 August 2023. Mrs E says the amount UKI paid her for £3,278.31 doesn't cover the costs she incurred for the period her home was inhabitable, and repairs were being done.

I've seen that in emails to UKI, Mrs E made it clear AA was needed because of her health and living situation. We'd expect Mrs E to have been made aware of any AA UKI could source for her at the time. I accept UKI says that as Mrs E kitchen wasn't damaged, AA wasn't needed. But equally, Mrs E had made UKI aware of her health at the time so we'd expect UKI to have discussed what options it could offer, and clearly explain any limitations of cover, and reasons for declining AA, if relevant. I can't see that this was done.

UKI paid Mrs E £3,278.31. It says this amount was calculated using its internal AA calculator based on a short term holiday let in the area Mrs E had provided evidence of staying in. But UKI failed to engage with Mrs E about what options it could offer. I don't think its offer to calculate an alternative payment after Mrs E had sourced AA herself is reasonable. If UKI considered that it could source more suitable AA for Mrs E, it ought to have discussed these options with Mrs E at the time. UKI's failure to do this amounts to poor claim handling.

I've also seen that the policy terms say that AA would be provided if '*your home is uninhabitable while it is being repaired.*' I accept that Mrs E elected to have her own contractor complete repairs and UKI arranged for payment to be made on 25 August 2023. However we'd still expect UKI to stay engaged with Mrs E on the claim, and specifically question whether AA was still needed while repairs were being completed.

UKI say that the fire happened outside, and so the inside of Mrs E home wasn't impacted to the point where her home would be considered uninhabitable. However I can't see that UKI took any steps to communicate with Mrs E about AA after agreeing to pay £3,278.31. This includes whether further AA would be required, and the likely timescale of completing repairs. If UKI considered AA wasn't needed because of the area of damage, this ought to have been clearly discussed and communicated with Mrs E at the time.

Mrs E's policy also included cover for pets. UKI say Mrs E didn't ask for AA for her pets specifically, and no invoices were provided. But as the business responsible for managing the claim, I think UKI should've done more to proactively consider Mrs E's circumstances

and provide support and guidance where needed about the benefits of her policy, and what's covered. I can't see that it did this, and that also amounts to poor claim handling.

Overall I think UKI could've done more to support Mrs E with finding and paying for the cost of AA. But I'm also mindful that Mrs E has received an overpayment of £9,349.75 for her claim. And I haven't seen any evidence to suggest that if UKI had done more to support Mrs E with the AA aspect of her claim, this would've resulted in payment for more than £9,349.75. Because of this, I won't be asking UKI to do anything more at this time. If Mrs E considers she has been out of pocket for more than £9,349.75 as part of her AA claim, she should contact UKI to consider these costs.

#### *Patio doors*

I've seen that Mrs E made UKI aware of the back patio door letting water in because of damage caused by the fire. UKI say Mrs E's loss assessor, C, didn't make it aware of any issues with the back patio door at the time. UKI say the back patio door was included in the schedule of work agreed in settlement of Mrs E's claim, and so this cost has been covered.

Although UKI didn't receive any communication from C about the back patio door, it's evident Mrs E did raise these concerns at the time, and that UKI were aware of these emails. However I can't see that UKI responded directly to these concerns at the time. I've seen that the patio door was included in the schedule of work. So I'm satisfied repairs were completed in line with what we'd expect. But I recognise there was poor communication about this with Mrs E at the time.

UKI could've been better engaged with the claim by responding directly to Mrs E's emails about the back patio door. But any direction for this poor claim handling is likely to be nominal. I say this because although UKI could've done more to communicate with Mrs E, this issue was dealt with as part of the repairs agreed by UKI in the schedule of work. This is in line with what we'd expect in the circumstances.

Keeping in mind the overpayment received by Mrs E, and our award bands for the impact on UKI's poor service here, I won't be asking UKI to do anything more in settlement of this complaint issue.

#### *Delay in completing repairs*

Mrs E appointed her own loss assessor, C, to manage the claim on her behalf. This happened at the start of the claim in June 2023. I've seen that C and UKI's own loss adjuster were in regular contact about Mrs E's claim. Following agreement on the scope of the claim, UKI arranged for payment to be made on 25 August 2023 in settlement of the buildings part of Mrs E's claim.

As Mrs E elected to have repairs completed by her own appointed contractor, and was paid for the settlement of the buildings part of her claim in August 2023, we wouldn't expect UKI to take responsibility for any delays caused in completing the required repairs.

I've considered the action taken by UKI from when the claim was first reported, to the settlement amount being paid in August 2023. I'm satisfied UKI was in regular contact with C regarding the scope of the building work required, and what should be included within this. I haven't seen any evidence of any material delay caused by UKI during this time. So I don't uphold this part of Mrs E's complaint.

**My final decision**

For the reasons provided I won't be directing U K Insurance Limited trading as Direct Line to take any action in response to this complaint.

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

Neeta Karelia  
**Ombudsman**