

The complaint

Mr C complains about AmTrust Specialty Limited's handling of a property insurance claim on a property he rents out.

What happened

Mr C owns a property he rents to a tenant. The property is insured with Amtrust. In early Spring 2024, Mr C contacted Amtrust to make a claim following an escape of water at the insured property. Amtrust instructed a loss adjuster to validate and oversee the settlement of the claim.

The loss adjuster wrote to Mr C and requested the information it needed to validate the claim, including a cause of damage report, estimates for the repairs needed to restore the property to its pre-loss condition, and photographs of the damage.

A few weeks later Mr C sent the loss adjuster an email, he said due to the length of time it was taking to progress the claim, he'd completed the remedial work himself. Mr C is a tradesman, but he does not trade full-time as he has income from his properties and other investments.

Mr C provided Amtrust with a number of invoices.

The first was for £1375, Amtrust declined to pay this invoice saying it was for the repair to the leak in the loft which was not covered by the policy due to an exclusion that prevents cover being provided for costs paid to fix the leak. It did however offer to pay something towards the cost of tracing and accessing the leak. Initially it offered £100 but it increased this by an extra £343.54 (to £434.54).

The second was also for £1375. This was for general repair work and debris removal. Amtrust agreed to reimburse Mr C for this invoice.

The third was for £125.52, which was for the costs of two nights in a hotel which Mr C provided for the tenant when the incident occurred. Amtrust agreed to pay half for this, so £62.76.

The final one was a personal invoice which included Mr C's labour costs and travel/mileage costs. Amtrust agreed to pay £787.50 for Mr C's labour costs and £331.20 for his mileage costs (representing half what he claimed). It said it would not typically pay the mileage costs for a contractor appointed to reinstate a property following a claim. It also believed the hourly rate provided for Mr C's labour was higher than it would expect. It pointed out that a contractor would be paying tax, for employees and other costs associated with running a business. It therefore offered to pay 50% of the invoice.

In addition, Mr C asked for £375 for extra electrical work. He did not provide an invoice for this work at the time of Amtrust's final response letter. Amtrust therefore declined to pay this. So Amtrust's offer of cash in lieu of settlement was £3,000 (subject to his policy excess).

Mr C raised two complaints with Amtrust. It upheld the first complaint, it accepted there had been avoidable delays and its communication had been poor. It apologised for the poor service and offered Mr C £200 compensation. But it didn't uphold his second complaint, it said the cash in lieu settlement it had offered was reasonable.

Mr C remained unhappy. He accepted that Amtrust wasn't responsible for paying the cost of the plumbing repairs but didn't think that Amtrust honestly believed that the work for which Amtrust was responsible could have been completed for less than the amount he had claimed. Mr C felt let down by Amtrust as he said he was assured that if he carried out the work he would be paid out as if Amtrust had done the work. Mr C estimated he had taken 10-12 hours chasing up and sourcing more and more documents for the different people the insurer put him in touch with.

The investigator didn't recommend the complaint be upheld. He felt Amtrust's offer was fair. He thought the first invoice was correctly excluded because the policy didn't cover this work and that once the debris was cleared from the property it was habitable and so one night's hotel accommodation was fair. He also thought it wasn't unreasonable for Amtrust not to pay for the electrical work as it hadn't been provided with an invoice. He thought Amtrust's approach to the work Mr C carried out himself was fair. He said the purpose of insurance is to put the insured back in the position they were in prior to the insured loss, in other words the policyholder shouldn't benefit from making a claim. And based on what Mr C told this service, he didn't turn down paid work in order to repair the property, as although he is a qualified tradesman, it's not his main occupation. So, Mr C did not appear to have suffered a financial loss. Additionally, the investigator thought it was likely Mr C's labour rate includes an element of profit, so he would benefit from the claim if Amtrust paid him the full amount.

The Investigator thought the amount offered for distress and inconvenience was fair.

Mr C accepted that the policy didn't cover the costs paid to fix the leak but thought some of the first invoice should be paid, as the work included work covered under the policy and not just the cost of fixing the leak.

He thought the whole of the invoice for accommodation should be covered as the property had to be vacated due to water running through the electrics. Therefore, there was no power and no water due to the leak not being repaired for several days.

My provisional decision

I issued a provisional decision on 7 March 2025. I said that based on what I have seen so far I didn't think Mr C has been offered fair compensation for the distress and inconvenience he had suffered but I did think he has been offered a fair amount to settle his claim.

Payment for the claim

Mr C accepted that the policy did not cover the costs paid to fix the leak. I agreed. But he thought more of the first invoice should be covered. I thought the £434.54 offered in respect of the cost of tracing the leak seemed fair. Without further evidence breaking down the costs in the first invoice I did not think it would be fair to ask Amtrust to pay more.

I said Mr C also hadn't challenged the investigator's later comments about the hotel accommodation.

From the pictures I had seen I thought the investigator's view on this seems reasonable and so I didn't intend to increase the compensation in this area.

I also thought given Amtrust hadn't been provided with an invoice for the additional electrical work, its decision to exclude £375 from the settlement wasn't unreasonable.

I said Mr C did, however, think that what he had been offered was unfair. He said that Amtrust couldn't have got contractors to complete the work for the amount he had been offered. I said I could see his point. But that wasn't how we look at calculating what is a fair payment for the work. Amtrust's role is to cover the cost of repairing the damage caused by the escape of water. When a contractor is used this is usually relatively straightforward, the insurer pays what the contractor fairly charged for the covered work. Here though for some of the work Mr C didn't pay a contractor he did it himself. So, when looking at the amount to pay Mr C we would not look at what he would have charged a third party – which would include things to cover profit, tax etc. Mr C had already said that the invoice he submitted contained 15-20% profit. The invoice also contained mileage. I wouldn't normally expect to see a contractor be paid for mileage and so I needed to take this into account when assessing whether Amtrust's offer for the work seems fair and reasonable. And having done so I agreed with the investigator that it looked to be fair.

Distress and inconvenience.

Amtrust had accepted that there were avoidable delays and a lack of communication. It was not clear to me whether Amtrust was aware of quite how much this impacted Mr C.

Mr C had, the day before the damage occurred, become a father for the second time. He and his family were expecting that he would be able to spend time with his new-born baby and provide support with the family's older child. Due to the lack of responsiveness to the insurance claim and Mr C's sense of responsibility to his tenant, Mr C felt obliged to sort out the damage himself when he would have much preferred to leave it to the insurer given his family circumstances. As a result, I thought it would be fair for Amtrust to pay Mr C £500 for his distress and inconvenience due to the poor handling of the claim.

Responses to my provisional decision

Mr C accepted my decision. Amtrust did not respond.

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.

Given the responses to my decision I see no reason to depart from it and confirm it here now.

Putting things right

To put things right I think AmTrust should pay Mr C £500 compensation for the poor service and an amount totalling £2,750 to settle his claim (so £3,000 less the excess).

My final decision

My final decision is that AmTrust Specialty Limited should pay Mr C:

- £500 compensation in recognition of the distress and inconvenience caused by its poor service; and
- An amount totalling £2,750 to settle his claim (so £3,000 less the excess).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 29 April 2025.

Nicola Wood
Ombudsman