

The complaint

Mr N complains about the amount Accredited Insurance (Europe) Ltd (Accredited) have offered to settle a claim he made under his home insurance policy.

What happened

The circumstances of this complaint will be well known to both parties and so I've summarised events. In 2021 Mr N had a leak at his property and so reported a claim to Accredited under his home insurance policy. Accredited accepted Mr N's claim and arranged for contractors to carry out the repairs at his property. Mr N was unhappy with the contractors and so Accredited offered Mr N a cash settlement of around £4,000. Mr N was unhappy with this and so raised a complaint.

In October 2022 Accredited issued Mr N with a final response to his complaint. It said it had caused some delays but other delays were caused by Mr N. Mr N didn't refer his complaint to this Service.

Mr N provided Accredited with a quote for repairs of around £15,000 from his own contractors but this wasn't accepted by Accredited. Over the coming months there was a disagreement between Mr N and Accredited around a loss adjustor or contractor attending his property and Mr N raised another complaint.

In June 2023 Accredited issued Mr N with a final response to his complaint. It said it hadn't made errors in the way it handled Mr N's claim and so didn't uphold his complaint. Mr N didn't refer his complaint to this Service.

Accredited told Mr N it would agree to pay him a cash settlement based on the quote he had provided. It said it would pay 50% of the cost so he could have the works carried out and 50% once the repairs had been completed. Mr N said the quote for repairs had now increased due to the time that had passed and provided an updated quote of over £17,000. Accredited didn't agree to pay this and said it needed a contractor to attend Mr N's property to validate the costs.

Following further disagreements around a contractor visiting Mr N's property Accredited declined Mr N's claim. It said he had failed to allow it to validate his claim. Mr N raised a further complaint with Accredited.

On 4 December 2023 Accredited issued Mr N with a final response to his complaint. It said its decision to decline Mr N's claim was a reasonable one and so didn't change its position on this. It offered Mr N £100 compensation for the delay in registering his complaint. Mr N didn't refer this complaint to this Service.

This complaint is in relation to the events which followed this. Mr N provided Accredited with further information to contest the decline of his claim. He raised a complaint about the length of time it was taking Accredited to review this and the way his claim had been handled.

On 28 March 2024 Accredited issued Mr N with a final response to his complaint. It said the

review of his claim was ongoing. However, it identified unnecessary delays during the progression of Mr N's claim and so offered him £100 compensation.

On 16 April 2024 Accredited issued Mr N with a further response to his complaint. It said it was offering Mr N a settlement based on the previous scope of works at up to date prices. It offered Mr N a settlement of £7,866.23 and then VAT of £1,573.26 on receipt of a VAT invoice. Mr N didn't think this was reasonable and so referred his complaint to this Service.

Our investigator looked into things. She said she thought the settlement Accredited had now offered was reasonable. She said she thought there had been unreasonable delays caused by Accredited but the £100 compensation it had offered was reasonable in the circumstances.

Mr N didn't agree with our investigator. He said Accredited should pay the quotation of £15,000 it had previously agreed to pay and the settlement offered wasn't enough to allow him to have repairs carried out.

I wrote to both parties regarding the settlement Accredited had offered Mr N for the repairs to be carried out. I said I thought the settlement Accredited had offered in April 2024 was likely to be lower than Mr N could have repairs carried out for as it was subject to Accredited's agreed rates. However, I also thought the quotation Mr N had provided of over £15,000 and then over £17,000 was likely higher than repairs would cost to carry out. Therefore, I suggested a reasonable settlement would be £10,000 and then VAT of £2,500 on receipt of a VAT invoice.

Accredited agreed to this settlement. Mr N said this amount was lower than the invoice he has provided and his other costs he has incurred. He said he could agree it as compensation for poor claim handling but not toward payment of the invoice he has provided.

As an agreement hasn't been reached, the complaint has been 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.

I want to acknowledge I've summarised Mr N's complaint in less detail than he's presented it. I've not commented on every point he has raised. Instead, I've focussed on what I consider to be the key points I need to think about. I mean no discourtesy by this. It simply reflects the informal nature of this Service. I assure Mr N and Accredited I've read and considered everything that's been provided.

I also want to be clear about what I've considered as part of this decision. I've considered the events which have occurred following Accredited's final response of 4 December 2024 until its final response of 16 April 2024. I've addressed the key points separately.

Settlement of Mr N's claim

The terms of Mr N's policy explain in the event of a claim Accredited will pay the cost of repairs, replacement or reinstatement. It also explains in the event of a claim it will advise Mr N how the claim will be settled. And so, the terms of Mr N's policy entitle Accredited to settle the claim in the way it chooses. This is a common term in building insurance policies and I don't consider it to be unreasonable provided the individual circumstances of the insured have been taken into consideration.

Given everything that has happened since Mr N first reported his claim in 2021, I think it's sensible for his claim to be settled by paying a cash settlement. And so, I've considered whether the settlement Accredited offered in April 2024 is a reasonable one.

Accredited originally arranged contractors to carry out the repairs to Mr N's property. Mr N was unhappy with the length of time repairs were going to take and so removed the contractors from his property. However, I can see throughout the claim Mr N was open to Accredited arranging other contractors to carry out the repairs to his property. And so, whilst I can understand why Accredited offered Mr N a cash settlement, I think it was Accredited's decision to do so. Therefore, I think the settlement it offers to Mr N should be for the amount it would cost Mr N to have repairs carried out, rather than what it would cost Accredited to carry out the repairs.

Accredited have said the rates used to calculate its settlement of £7,866.23 aren't discounted but has acknowledged they aren't rates available to Mr N privately. Therefore, I think it's unlikely Mr N will be able to have repairs carried out for the settlement amount Accredited have offered.

Mr N has obtained his own quote for repairs which was originally over £15,000 and then over £17,000. Mr N hasn't provided any other quotes for repairs to allow a comparison despite Accredited's requests. Whilst Mr N has said he wasn't able to find any other companies to provide a quote for repairs, I'm not persuaded there wasn't a single other business in Mr N's area able to carry out the repairs to his property. In addition, the quotes Mr N has provided are from a company based in Germany, and there has been suggestion part of the increase in the settlement was because the company would need to travel to the UK to carry out repairs. So, I'm not persuaded this is an accurate representation of the amount the repairs will cost Mr N to have carried out

I think it's likely the repairs to Mr N's property will cost Mr N more than £7,866.23 but I'm not persuaded reasonable repair costs are £15,000. In the absence of any other repair quotes I think it's reasonable for Accredited to increase the settlement to £10,000 and then VAT of £2,500 on the receipt of a VAT invoice. I think a settlement of this amount is reasonable to reflect that the cost to repair Mr N's property are likely to be more than the settlement Accredited have previously offered, but less than the quote Mr N has provided for repairs.

Mr N has said he can only accept this amount as compensation for the handling of his claim. However, this settlement would be for the repairs to his property and not compensation. It will be Mr N's decision whether he wishes to accept this settlement.

Claim handling

Accredited have acknowledged it caused unreasonable delays when dealing with Mr N's claim since December 2023 and has offered him £100 compensation. Therefore, I've considered whether this is reasonable to acknowledge the impact to Mr N.

I think it took Accredited longer than it should have done to review Mr N's submissions and offer him a settlement. It would have been frustrating for Mr N to have to wait a number of months for his claim to be progressed, and chase updates. However, I think the £100 Accredited have offered for this period is reasonable to acknowledge the distress and inconvenience it caused to Mr N. As this is in line with what I would have expected it to have paid in the circumstances, I don't require it to increase its offer of compensation.

My final decision

For the reasons I've outlined above I uphold Mr N's complaint about Accredited Insurance

(Europe) Limited. I require it to:

- Pay Mr N a settlement of £10,000 for repairs, and then £2,500 VAT on receipt of a VAT invoice.
- Pay Mr N £100 compensation if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 25 July 2025.

Andrew Clarke
Ombudsman