

The complaint

Mr S and Ms T have complained about their property insurer U K Insurance Limited regarding its handling of a subsidence claim initially made to it, and at that time declined, in 2015.

Ms T, sometimes represented by Mr L, has been the one with the most involvement with UKI and this Service. For ease of reading, in the body of my decision, I'll mainly only refer to Ms T.

What happened

Ms T made a subsidence claim to UKI in 2015. There were cracks in her property but UKI thought they were historic, that the property was not moving at that time. Later, in 2021, Ms T arranged her own report on the damage at her home and she resumed contact with UKI about the damage and claim in 2022, with UKI undertaking further investigations.

In May 2023 and December 2023, Ms T complained to UKI about how it was handling the claim and delays caused. The December 2023 complaint also shared Ms T's view that the claim, in 2015, had been declined incorrectly. UKI answered Ms T's concerns in final response letters (FRLs) in June 2023 and June 2024 respectively. In the June 2024 FRL UKI said its decline in 2015 had been correct at that time. It accepted it had handled the claim poorly since June 2023. It said it would pay Ms T £1,300 compensation for upset and, as a goodwill gesture, refund her £840 as the cost of her expert report.

At the time of the June 2024 FRL the claim itself had been accepted by UKI and was then on-going, with Ms T having been moved into alternative accommodation in March 2024. In October 2024 Ms T referred her complaint to the Financial Ombudsman Service.

Our Investigator told both parties that we could not look at activity which had occurred between the claim resuming in circa 2022, before the June 2023 FRL was issued – because Ms T had only referred her complaint about claim delays to this Service in October 2024. She also told both parties that we could not, as part of this complaint, consider what had happened with the claim after the June 2024 FRL – Ms T would, in the first instance, need to make a further complaint to UKI about that activity.

Neither party objected to what our Investigator said in those respects.

Our Investigator told both parties that she felt we could look at the claim decline from 2015 – and that her view on this was that UKI's actions had been fair and reasonable. Regarding UKI's handling of matters between June 2023 and June 2024, she felt UKI had caused delays. Our Investigator said UKI should appoint Ms T a dedicated claims handler moving forwards with a view to providing regular updates at intervals agreed with Ms T. But she felt its payment of £1,300 fairly and reasonably made up for the upset caused, so she wasn't minded to make it pay more compensation. However, she noted the house had been uninhabitable but lived in between June 2023 and March 2024, so she felt UKI should pay a disturbance allowance. Regarding report costs she felt UKI should ensure any relevant reimbursement was made and had interest added.

UKI said it accepted the view. Ms T said she wanted an Ombudsman's decision – although she did not offer any comment in reply to the points our Investigator had made.

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.

Having done so, and having noted the parts of the complaint our Investigator explained that we can't consider, I find my view on the complaint is the same as that she set out. I note UKI accepted our Investigator's points about what we couldn't, and could, consider. Also that Ms T did not raise any specific objections in this respect. From what I've seen, I'm satisfied the jurisdiction elements are not in dispute here, that they've been resolved informally during our investigation phase. As such, my review will focus on deciding the merits of the parts of the complaint we can consider – UKI's initial claim decline and its handling of matters between June 2023 and June 2024.

Claim decline

I do appreciate that with UKI having accepted the claim in 2024, it's particularly frustrating for Ms T that it was declined initially. However, I have seen UKI's report from 2015 and I know it reviewed matters in 2016. UKI's expert's opinion then was that the property had suffered some movement but wasn't still moving. I know that more recent claim investigations have shown that the property is not supported properly – and likely wasn't in 2015/2016 either. However, subsidence can be a tricky area in that, in effect, it is 'movement' which is covered and a property, even one which has foundational support issues, won't necessarily always be suffering subsidence movement. An insurer is entitled to rely on evidence and opinions from its experts. UKI sought expert advice on the claim in 2015 and 2016. I've seen no expert evidence to counter that. I'm satisfied UKI acted fairly and reasonably when it initially declined the claim.

Claim handling 26 June 2023 to 14 June 2024

UKI accepts it handled the claim poorly during this period. Amongst other things it:

- didn't update Ms T, causing her to have to chase it.
- logged contact from her representative incorrectly, so it refused to deal with them.
- refused to assist over a blocked drain.
- left its policyholder/s living in an uninhabitable home for around nine months.

This Service has guidance in place for considering compensation awards. The guidance says that awards of between £750 and £1,500 will reflect instance of substantial distress, upset and worry, including serious disruption to daily life, for a period of many months sometimes over a year. For this period in consideration here, and given the bullets set out above, I'm satisfied that £1,300 is fair and reasonable compensation. I see UKI has paid this sum already, so I won't require it to pay this again, or anything more. But as communication has been poor, I will require UKI to appoint a dedicated claim handler to liaise with Ms T, or her representative.

Uninhabitable property

That said about compensation for non-financial loss, it is also accepted by this Service, and insurers, that where a policyholder(s) is left in an uninhabitable home, there will likely be extra costs incurred. So it's common for an insurer, in that type of instance, to pay a disturbance allowance. This is a set rate per day paid for each adult (and child if there are

children) living in the home. It isn't designed to cover all costs – just those that are likely to be incurred because of living in uninhabitable conditions. It is usually a nominal amount, for example sometimes it is £10 per day per adult living in the home, and paid to reflect the fact that 'extra' costs in this type of instance are usually difficult if not impossible to quantify.

I'm satisfied that Ms T's home was uninhabitable between 26 June 2023 and when UKI arranged alternative accommodation in March 2024. It follows that I'm satisfied that UKI should pay a disturbance allowance for that period for those living in the home.

Report/drainage costs

UKI agreed in its June 2024 FRL to cover the cost of Ms T's expert report. And it paid that sum (£840) to her shortly thereafter. However, it seems Ms T paid for this report sometime before and that report does seem to have influenced the course of the claim. I think UKI should pay Ms T an amount equivalent to interest applied to the cost of the report from the date Ms T paid for it until settlement was made.

Ms T paid for drainage work in or around July 2023. It isn't clear if UKI has reimbursed that cost to her and it does seem it was something likely covered by or linked to the claim. I note UKI has agreed with our Investigator about reimbursing this sum. I'm satisfied it should do that, plus interest.

Putting things right

I require UKI to appoint a dedicated claims handler to Ms T's claim – someone to act as a single point of contact for Ms T/her representative, who can provide updates at intervals agreed with Ms T.

I also require UKI to pay:

- A disturbance allowance for those living in the uninhabitable home between 26 June 2023 and March 2024.
- An amount equivalent to interest applied on the expert report sum of £840, from the date Ms T paid this sum until settlement is made.
- A sum in reimbursement of her costs to resolve the July 2023 drainage issues, plus interest applied from the date Ms T paid for this work until settlement is made.

*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 a certificate showing how much tax it's taken off.

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 Mr S and Ms T to accept or reject my decision before 2 July 2025.

Fiona Robinson
Ombudsman