

## The complaint

Mrs C complained that Tesco Underwriting Limited ("Tesco") made an unfair settlement offer after accepting her claim for storm damage. Tesco were providing a home insurance policy.

## What happened

Mrs C suffered storm damage to her conservatory roof. Tesco accepted damage had occurred and storm conditions were the cause, so asked for Mrs C to gather three quotes for it to review before settling the claim.

Mrs C provided Tesco with three quotes from contractors willing to complete the works. But the quotes were more cost than Tesco expected, so it sent its own contractor to visit the property to review and validate the damage, and to quote to carry out the works. As Tesco's contractor said it couldn't guarantee the work would be watertight, Tesco decided to offer a cash settlement for what it would've been charged had the scoped work been completed.

As Mrs C can't get the necessary work done (and for it to be guaranteed) for anywhere near the settlement Tesco offered, she has raised a complaint. She wants Tesco to settle the claim based upon one of her own quotes, so she can get the work completed.

Our investigator decided to uphold the complaint. He thought Tesco's responsibility was to make an effective and lasting repair. So, he thought Tesco should settle the claim at a level Mrs C could get the work done herself or he said Tesco should agree to do the work itself. Tesco disagreed, so the case has been referred to an ombudsman.

## My provisional decision

I made a provisional decision on this on 22 April 2025. I said:

*"Tesco has accepted a storm caused the damage and it has agreed to settle the damage, so I have considered whether I think the settlement offer is reasonable in the circumstances.*

*As Tesco has chosen to settle the claim by repair, I expect it to indemnify Mrs C by carrying out an effective and lasting repair. That phrase doesn't need to be in the policy – that's what our service think is a fair and reasonable approach to repairs regardless of the policy.*

*To be effective the repair must fully put right the damage. And to be lasting it must do so for an appropriate amount of time.*

*Tesco's contractor said "the roof has suffered damage by a major hailstorm, as a result all the roof panels will need to be replaced. The roof is in a poor state of repair, with evidence of historic repairs. The conservatory roof is a "XYZ" roof system which is now obsolete having gone into administration in 2019. Due to the age and condition of the conservatory roof, the roof will not sustain any repairs. We believe the best course of action would be to cash settle with the policy holder for the limited of liability which extends only to the replacement of the damaged roof panes". Tesco applied this advice when offering a settlement to Mrs C of £3,254.93, net of the excess payment.*

*Tesco's settlement only covers the panels directly impacted by the storm. However, both Mrs C's own contractors and Tesco's said to ensure the repair is effective, further work would be needed beyond the damage which Tesco has said is betterment. Tesco's also said it can't do the work.*

*As I've said before our service takes an approach where we expect any repair to be effective and lasting. So, in this case, all the experts have been consistent that the only way to carry out an effective and lasting repair to the insured damage (i.e., damage Tesco will cover) is to carry out work on uninsured damage (i.e., damage Tesco won't cover).*

*I must be satisfied that the need to carry out the uninsured work has arisen as a direct result of the insured damage. For example, in the case of electrics damaged through an insured event, it might be that the system is no longer compliant with current regulations.*

*Tesco has said the roof is in a poor state of repair. However, I'm not persuaded by this argument. If the roof was in a poor state of repair, I would've expected Tesco not to have accepted the claim. I would've expected it to say wear and tear was the main cause of damage. However, it didn't. Tesco thought the storm was the main cause of damage. The conservatory was functioning normally until the storm struck. There is no obvious structural damage from the pictures I've viewed. Therefore, I think Tesco need to put right the damage and put Mrs C in the position she was in before the damage (i.e., a watertight conservatory).*

*As the conservatory repair needs to be a reasonable standard (e.g., watertight) to make an effective and lasting repair of the insured damage, I'd expect Tesco to pay for that. Therefore, I don't think this is betterment, it's providing Mrs C with what she had before the storm. The upgrade requirement is only triggered once there was damage. So, it was as a direct result of insured damage that necessitated the upgrade.*

*If all the work isn't carried out, it won't be possible for the insured work to be effective and lasting – and that won't indemnify Mrs C. Our service thinks it's the fair approach to ensure that the consumer is indemnified. Therefore, I intend to uphold this complaint.*

*As Tesco's contractor said it isn't willing to do the repair. I intend that Tesco settle one of the three quotes Mrs C has provided (net of any excess on the policy), so she can get the work done. As Mrs C has had the distress of a leaking conservatory for at least six months and has been inconvenienced as she hasn't been able to use it, I intend that Tesco pay £400 compensation”.*

## **Responses to my provisional decision**

Mrs C accepted my provisional decision. She asked if Tesco will be given any direction on which quote to accept, and whether the amount settled will include VAT. She's concerned about increases in contractors prices since time has elapsed since the quotes were provided, and she wouldn't expect the compensation payment to be considered as cover for any increases.

Tesco disagree with my provisional decision, but don't have any new information to add. Tesco said:

*“In our opinion, a cash settlement offer should be given for the area of damage. The roof has not been well maintained, and as a result the insurers are having to replace the whole roof because a lasting and effective repair could not be made. The proximate cause of this is the lack of maintenance and not the insured peril.*

*Another customer with a well-maintained roof, would only have the proportion of the roof*

*damaged by the insured peril replaced. Settlement on the basis we are being asked to settle gives, in my opinion, the wrong message. I am aware that this will not change the provisional 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.

Given I've not received any new information, I see no reason to change my provisional decision. To re-iterate, I'm not persuaded the roof was in a poor state for the reasons set out in my decision, so I think my decision is fair.

I've been in touch with Mrs C about the increase in prices and she has confirmed two of the contractors have re-submitted quotes, with increased prices, with the third contractor is maintaining its price provided the order is placed in May. Mrs C's preference is to go with one of the companies who've requoted, as she's used their service before and was satisfied with it.

I appreciate Mrs C would prefer a particular supplier for the repairs, however, Tesco's obligation is to provide a cash settlement that allows a lasting repair. Therefore, Mrs C would need to proceed with the cheapest quote and make the order in May. I haven't seen any evidence to suggest the cheapest quote won't provide a lasting repair. Alternatively, Mrs C could inform Tesco she wants to proceed with a different contractor. However, Tesco would only be obligated to settle at the price of the lowest quote (and Mrs C would need to make up any shortfall).

Mrs C asked if the settlement includes VAT. Yes it does. However, Tesco may need to see evidence of the invoice at some point during the process. Tesco can advise how this process should work.

### **My final decision**

My final decision is that I uphold this complaint. I require Tesco Underwriting Limited to:

- Settle one of the quotes Mrs C has provided, net of any excess on the policy
- Pay £400 compensation – for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 5 June 2025.

Pete Averill  
**Ombudsman**