

The complaint

Mr K and Mrs T complain about Wakam and the service they received following a claim they made on their home insurance policy.

Mr K has acted as the main representative during the claim and complaint process. So, for ease of reference, I will refer to any actions taken and comments made by either Mr K or Mrs T as “Mr K” throughout the decision where appropriate.

What happened

The claim and complaint circumstances are well known to both parties. So, I don’t intend to list them chronologically in detail. But to summarise, Mr K held a home insurance policy, underwritten by Wakam, when his home was significantly damaged by a fire. So, he contacted Wakam to make a claim.

Wakam appointed an agent, who I’ll refer to as “D”, to manage the claim on their behalf. As D were acting for Wakam, Wakam remain ultimately responsible for the service D provided.

Mr K was unhappy with the service provided to him through the claim process and so, he raised several complaints between May 2024 and December 2024, as well as appointing his own loss adjustor, who I’ll refer to as “S”, to manage the claim on his behalf. These included, and are not limited to, Mr K’s unhappiness with the length of time the claim had taken without repairs being undertaken, or a cash settlement agreed and the communication with him during that time. Mr K felt this had left him needing to fund his own AA unfairly, which had had a significant financial and emotional impact on him and his family.

Wakam responded to Mr K’s complaints and upheld them. They accepted there had been avoidable delays during the claim process and that their communication hadn’t been fair or reasonable. So, over the course of two complaint responses, they offered to pay Mr K and Mrs S a total of £425 compensation. Mr K remained unhappy with this response, so he referred his complaint to us.

Our investigator looked into the complaint and upheld it. Both parties have received our investigators reasoning and so, I won’t recount it in detail. But to summarise, our investigator explained they were only able to consider the events between May 2024, when Mr K made his claim, and Wakam’s second complaint response in December 2024, that had been complained about. Having done so, they set out why they felt Wakam had unreasonably delayed the claim process and failed to arrange suitable AA as they should have done.

So, to recognise the above and impact this created financially and emotionally, they recommended Wakam take the following action:

- Reimburse Mr K and Mrs S for all the alternative accommodation costs they had incurred, including the deposit they lost, within the policy conditions and limits;
- Reimburse Mr K and Mrs S any loan interest they had incurred on the loans they had

- taken to fund their own alternative accommodation;
- Reimburse any reasonable costs Mr K and Mrs S occurred i.e. storage, cleaning and repairs;
- Consider any reasonable costs Mr K and his family incurred associated to their living conditions created by the alternative accommodation situation; and
- Increase their compensatory payment to £1,500 in total to recognise the distress and inconvenience Mr K and Mrs S had been caused.

Mr K acknowledged our investigators recommendations and provided further comments for consideration. These included, and are not limited to, Mr K's request for S' costs to be paid for by Wakam, as he felt Wakam's service had led him feeling the need to appoint S to act on his behalf. Mr K also requested any AA costs amassed when the repairs are completed are covered by Wakam while also setting out why he felt the £1,500 should be increased, considering the impact that had been caused to his, and his family's, health.

Wakam also responded to our investigator's recommendation, setting out why they didn't agree. In summary, Wakam set out why they didn't feel it was appropriate to cover all of Mr K's AA costs, specifically referring to his costs amassed when residing outside of the country. And Wakam pointed to Mr K's decision to return to the property after it had been cleaned in early 2025, suggesting this could have and should have been arranged earlier to prevent AA costs being incurred.

Our investigator responded to the comments made by both parties, explaining why their recommendation remained unchanged. They re-emphasized the scope of what could be considered. And they reasserted why they thought all of Mr K's AA costs should be covered, subject to satisfactory evidence being supplied to Wakam. As both parties didn't agree, the complaint has been passed to me for a 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.

Having done so, I'm upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

Before I explain why I've reached my decision, it would be useful for me to set out exactly what I've been able to consider within it. In line with the rules our service works within, we are only able to consider complaints that have been raised with a business, with them having been given an opportunity to respond within their complaint process.

At the point Mr K contacted our service, which led to the case this decision relates to being created, he had raised two complaints which received responses in July and December 2024. So, in line with our services approach, this decision will only consider the events, and complaint points raised and addressed, up to and within Wakam's complaint response on 6 December 2024.

So, any events that occurred, or complaints that have arisen, after 6 December 2024 haven't been considered or impacted the decision I've reached. For example, any complaint Mr K holds regarding the claim settlement Wakam have proposed or any service issues he has encountered after this date. The same goes for Mr K's wish for S' fees to be considered, as these would first need to be presented to Wakam for them to consider and respond to.

I also recognise that since our services involvement, and our investigator's view, the claim is likely to have moved forward, and it may be that considerations regarding any disturbance allowance contributions and S' fees may have been discussed between the parties. This is a regular occurrence in complaints of this nature, where a claim remains open while a complaint is being considered by our service.

But it is not my role, or the role of our service, to handle or manage the insurance claim Mr K has made. Instead, it is my role to consider the actions Wakam took and decide if they were fair and reasonable, up to the point of their complaint response that instigated our services involvement. So, while it may seem that my decision is outdated compared to more recent events, I want to reassure both parties my decision has considered the events that fall within this decision's jurisdiction, in line with our approach. Any issues Mr K has with Wakam's service after 6 December 2024 will need to be raised with Wakam separately and if necessary, referred to our service for consideration under a new complaint reference.

I've then turned to what I can consider. And I want to be clear that I've considered all the information provided to me even if I don't talk to it directly, in line with our services informal approach as an alternative to the courts. Having reviewed this information, I'm satisfied Mr K's complaint up to 6 December 2024 focuses primarily on the claim progression and the communication between Wakam and himself. And because of this, the costs he incurred arranging alternative accommodation due to his home being deemed uninhabitable.

I note in Wakam's complaint responses, they have accepted there were avoidable delays during the claim process. And, that their communication with Mr K, and his appointed representative, fell below the standard they would expect. So, I don't intend to address these complaint points in significant detail, as I'm satisfied they are already accepted and no longer in dispute.

But I do recognise in Wakam's response to our investigators view, they made representations regarding some of the delays, explaining why they didn't feel they were totally responsible for them all. So, I think it's appropriate to provide a summary of my thoughts.

Having reviewed the timeline of the claim from the point it was raised, to Wakam's complaint response in December 2024, I'm satisfied there were significant delays caused by Wakam, and the agents they appointed to help process and validate the claim. While a business is entitled to take steps to validate a claim, and this can take some time especially considering the severity of the damage caused to Mr K's home, I'm satisfied Wakam and their agents made errors, and acted unfairly, when processing through this validation process.

In summary, I'm satisfied significant delays were caused by Wakam's agent initially raising proportionality concerns about the sum insured Mr K held, compared to the rebuild costs of Mr K's home. It's clear these concerns resulted from errors made by Wakam's agent and so, they remain responsible for this.

And even after this error was recognised and rectified, I'm satisfied the claim was delayed while D waited for Wakam's approval on how to proceed. And Wakam's decision to change their loss assessor acting on their behalf. Considering Mr K's home was deemed inhabitable, and he had a family to consider and support, I would've expected Wakam to have acted proactively to ensure the claim was moved forward as quickly as it could be. And crucially, I don't think it was.

I'm satisfied this created a significant level of worry and frustration for Mr K, which saw him needing to take an unnecessary amount of time chasing Wakam, and their agents, either directly or through S to seek clarification on what was happening, and when. And had

Wakam acted fairly, this could have and should have been avoided. So, I'm satisfied Wakam acted unfairly regarding these points.

And I'm also satisfied during these delays, and the claim process in general, Wakam failed to proactively arrange, and cover, the costs of AA that Mr K and his family were entitled to under the policy he held, considering his home was deemed uninhabitable following an inspection.

I've seen from the beginning of the claim, Mr K made clear his and his families need for AA. And despite D engaging with Mr K regarding this, emailing Wakam to confirm they would cover monthly AA costs of £3,575, I've seen no evidence to show this was approved, or arranged, as I would expect. And I must note that by this point, Mr K and his family had been without their home for more than two months.

Because of Wakam's failing, and delays in progressing the claim, Mr K arranged his own AA for his family. This included travelling abroad for cheaper accommodation for a period of time, as well as a student let for his son at university.

When all of Mr K's costs that he incurred for AA are considered together, they equate to a monthly cost of significantly less than the monthly amount D had originally intended to authorise and pay. And this was made possible by Mr K's decision to reside abroad with his family for a period of time, as well as seeking cheaper AA to allow for his son to reside in a student let at the same time.

So, I'm satisfied Mr K's actions mitigated the cost to Wakam. And crucially, he should never have needed to do this and take on the burden of sourcing and arranging this AA himself considering it was a provision contained within the policy he held.

I note Wakam have provided pushback around the AA costs, suggesting that as Mr K eventually paid for professional cleaning to allow him and his family to move back into the house in early 2025, this shows this could have and should have been done earlier to prevent the need for AA altogether.

But I'm satisfied Mr K only took this action due to his financial situation and his inability to continue paying for AA, without any confirmation Wakam would be reimbursing these costs. And if Wakam felt cleaning the house would allow Mr K and his family to return, then as the professionals in the situation I would have expected them to arrange, and pay for, this themselves. But I've no evidence to show they did or attempted to do so. And so, I'm not persuaded this is a reasonable or plausible argument for why Mr K's AA costs weren't paid for or arranged by Wakam themselves.

Because of the above, I'm satisfied the service Wakam provided surrounding Mr K's AA was unfair and that their decision not to cover the costs he incurred directly himself was unreasonable. And I've then turned to what Wakam should do to put things right, considering all the above.

Putting things right

When considering what Wakam should do to put things right, any award or direction I make is intended to place Mr K and Mrs S back in the position they would have been in, had Wakam acted fairly in the first place. I want to be clear that while I have thought about the impact on Mr K's family as a whole, I'm only able to direct awards to Mr K and Mrs S as they are the policy holders. So, I'm unable to direct awards for any suffering caused to their

children, although I can consider the added emotional impact this would have caused to Mr K and Mrs S as parents.

In this situation, had Wakam acted fairly, I'm satisfied they would have assisted and most likely arranged the AA for Mr K and his family. Had they done so, Mr K wouldn't have incurred the direct costs arranging the AA himself. So, to place Mr K back in the position he should have been in, I'm directing Wakam to reimburse Mr K all the AA costs he's paid. To be clear, this includes the AA costs Mr K and his family occurred while residing abroad, his son's student let and the deposit they lost when attempting to secure a six-month let.

And I'm aware to fund these costs, Mr K and Mrs S took out loans to ensure they had the funds available. Had Wakam acted fairly, Mr K and Mrs S wouldn't have needed to take these loans. So, to place them back in this position, I'm directing Wakam to reimburse any interest incurred on these loans, from the date they were taken to the date Wakam makes their reimbursement as this removes the financial impact these loans created.

I'm also aware that Mr K incurred costs to make his home habitable again, due to not being able to continue covering the AA costs in early 2025. I'm satisfied Mr K wouldn't have needed to take this action, had Wakam arranged and provided the AA as they should have done and so, I'm directing Wakam to reimburse any reasonable costs Mr K incurred making his house habitable again, alongside any other costs they have incurred that should be covered under the claim.

All of the above is payable subject to satisfactory evidence being provided to Wakam and the policy terms, conditions and limits.

I'm also satisfied Mr K was forced to mitigate his losses and keep his AA costs as low as possible, as he was needing to fund this himself. And so, I recognise how this may have left him arranging AA that he feels wasn't the most suitable, which caused an inconvenience to him and his family and how they lived day to day. While this wasn't presented to Wakam for consideration at the time of the complaint response, as it's linked to the AA issue I'm also directing Wakam to consider any reasonable costs Mr K feels should be paid under the disturbance allowance provision included with his policy.

I want to make it clear that a disturbance allowance is usually paid to cover any costs a customer has incurred above their normal expenditure, due to their living conditions during the period of the claim. So, Mr K would need to present his request to Wakam and set out what costs he feels were incurred, and why. Should Mr K remain unhappy with Wakam's response to this, it would be a separate issue that would need to be complained about separately, if it hasn't been already.

Further to the above, I'm satisfied that Wakam's actions, and their level of service, has caused Mr K and Mrs S a significant level of distress and inconvenience. I note Wakam previously offered a total of £425 to recognise this, which our investigator recommended be increased to £1,500 in total. Having considered this recommendation, I'm satisfied it's a fair one that falls in line with our services approach and what I would have directed, had it not already been put forward.

I'm satisfied it is significant enough to fairly reflect the delays caused by Wakam and their actions, and how these alongside the AA failures created a significant financial and emotional impact on Mr K and Mrs S.

Due to no AA being arranged, Mr K was forced to take time, and effort, arranging several

different AA plans to mitigate the costs these would incur. And he had had the added stress of sourcing funding for this, when he shouldn't have needed to do so. I'm satisfied this created significant upheaval that was unnecessary that made an already difficult situation much harder to navigate.

I'm also satisfied the increased amount reflects the impact that it's had on Mr K's health, and how the inconvenience created caused additional worry for Mr K and Mrs S when they were considering their family and the stress it created for their children.

But I'm not persuaded that it should be increased over this amount, as I must also consider the fact that in any claim caused by the insured event Mr K and Mrs S has claimed for, there will always be a level of a distress and inconvenience caused through no fault of a business such as Wakam, as they weren't able to control the fact a fire took place that caused the level of damage it did.

And that is fairly reflects the limited time period this decision can consider, for the reasons I outlined earlier within this decision. So, this £1,500 total payment is one I'm directing Wakam to pay.

I note Mr K has set out why he wants our service to set out exactly what the costs payment should be. But this isn't something our service would look to do, as we aren't a claims handler or costs assessor. We would expect Wakam to work with Mr K to ensure the reimbursements made are accurate, based on the evidence Mr K supplies to them.

My final decision

For the reasons outlined above, I uphold Mr K and Mrs S' complaint about Wakam and I'm directing Wakam to take the following action:

- Reimburse Mr K and Mrs S' all the alternative accommodation costs they have incurred;
- Reimburse Mr K and Mrs S' for any interest incurred on the loans they took out from the date they were taken to the date of reimbursement;
- Reimburse any reasonable costs Mr K and Mrs S' incurred making their home habitable again, alongside any other costs that should be covered under the claim;
- Consider any reasonable costs Mr K and Mrs S have resulted from the circumstances created by the alternative accommodation they sourced and resided in; and
- Pay Mr K and Mrs S a total of £1,500, which includes the £425 previously offered by Wakam, to recognise the impact they have been caused by Wakam's errors.

I must note all of the above related to reimbursement is subject to satisfactory evidence being provided to Wakam to evidence the costs that have been incurred, in line with our services approach.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K and Mrs T to accept or reject my decision before 8 August 2025.

Josh Haskey
Ombudsman