

The complaint

Mr F has complained about his property insurer Accredited Insurance (Europe) Limited regarding two claims it has handled for damage caused by an escape of water and subsidence. He believes it has delayed the claim, causing costs and losses.

What happened

Mr F's property suffered a water leak in April 2023. AIE accepted the claim for the leak. It later settled in cash for repairs associated with the damage caused. Mr F reports that, by June 2023, to facilitate the reinstatement work, the kitchen had been removed and the contents of the house placed in storage, which allowed further water damage to be noted. Contractors due to commence works though identified that the property might be moving, and Mr F, having obtained an expert report, made a subsidence claim to AIE.

AIE initially declined the subsidence claim. Mr F complained to the Financial Ombudsman Service. After intervention from our Investigator, AIE agreed to complete further investigations and it eventually accepted that some subsidence movement had recently occurred, which had caused damage, although it felt many of the problems with the property were the result of historic movement, and so not covered by the claim. Mr F remained unhappy with AIE and reverted to this Service.

Over the course of two subsequent complaints (including the one logged under this reference number), our Investigator considered the course of the claim. He felt AIE had caused delays and that payment of some compensation was due. He said AIE should be reimbursing the cost of Mr F's expert report and changing its record of the two claims to show only one, with Mr F being reimbursed the greater of the two excesses he'd paid. Our Investigator said that if there'd been an increase in utility usage, AIE should reimburse that upon sight of proof. But, he said, there were a number of complaint points he was not upholding, for example, he did not agree with Mr F as to the extent of necessary repairs or that alternative accommodation had been required.

AIE agreed to the recommendations. Mr F said he was unhappy with the outcome.

Mr F said AIE should be covering the roof damage. He said he did not know how we could say the property had been habitable when there had been no kitchen. He said it was unlikely there would have been any increase in utility costs because the house had been unoccupied (because it was uninhabitable). He explained that whilst he had not been able to live in the house, he had still had to pay the utility standing charges, council tax and mortgage payments, as well as insurance. Mr F noted nothing had been said about his costs for storing his property.

Regarding storage costs, our Investigator said that had to be a new complaint. He said the other comments Mr F had made hadn't persuaded him to change his view on the complaint.

The complaint was referred to me for an Ombudsman's decision.

Having considered this complaint, and its predecessors in detail I felt it would be necessary to issue a provisional decision to hopefully draw this matter towards some kind of finality for both parties. I was aware that there had been cash settlements made or put forward by AIE for the water damage and subsidence – but I wasn't sure if Mr F agreed with those as far as the items they are meant to cover and none of the complaints had dealt with issues about the quantum of the settlement, or the extent of the repairs the scopes actually cover. So I felt that, if there are concerns about that, I wouldn't be able to deal with them in my provisional decision on this complaint. But I explained to both parties that I would look at whether, where AIE had said some damage is not covered, the scope of AIE's repairs is fair and reasonable. I also said I would deal with all issues of additional reported losses – including storage. I said that was because, in my view, the storage costs were part and parcel of this complaint about delays – so there was no good reason for them to be separated and dealt with in isolation.

My provisional findings were:

"A lot has happened during the course of these two claims and whilst complaints have been being progressed with our Service. I will however, be attempting to keep my findings brief. To do that I won't be detailing every complaint point made or every piece of evidence presented. But I can assure both parties I have read and understood everything provided. If, having read my decision, either party thinks there is an important aspect missing or not covered, I will review and, if I agree there is something additional which I need to take into account, I'll do so and contact both parties regarding that. As I've said, I want to try, barring the content and quantum of the cash settlement, to wrap everything up so both parties can look to move on.

Two claims

It isn't unusual for water leaks and subsidence movement to go hand in hand. It isn't unusual, when both occur at a similar time for an insurer to treat them as one incident. I note that AIE has agreed to do that here. I think that is fair and reasonable in the circumstances. It will have to amend its own and any industry database to show just one claim occurred, with one excess being reimbursed. In the circumstances I think this should remain as a subsidence claim, I note Mr F is satisfied the subsidence caused the bathroom pipe to break which caused the initial water damage. I see the excess for subsidence claims is less than that applied for water leaks. Of course, declaring a subsidence claim might have more significant consequences for Mr F – but as it is accepted that subsidence has occurred, he would likely need to disclose that fact anyway, regardless of how the claim itself is logged.

Was the property uninhabitable

AIE says it was not – that it established that regarding the EOW and subsidence claim. I don't accept that though – it hasn't provided any reports that support that contention. Further Mr F told it in September and October 2023 that the property was uninhabitable. He told this Service in December 2023 that the kitchen had been taken out in June 2023 and that there was no electricity in the property. Details were passed to AIE. I also see that when AIE's engineer attended in June 2024 that it was noted that there was no kitchen in place at the property – that it had been removed as part of the water leak repairs.

I'm satisfied the property with, at the very least no kitchen in place, has been uninhabitable since June 2023. I'm satisfied that seems to have been removed to facilitate the water leak repairs and that it couldn't then be replaced because further damage was found, which resulted in the subsidence claim and the subsequent delays with that which occurred. I have absolutely no idea why AIE did not take action at any of these points to look into Mr F's concerns about the state of the property, or to check with him what assistance he needed with living elsewhere. It seems to me that AIE failed Mr F in this respect.

It's only recently, in March 2025, that AIE has said it has raised its cash settlement for what it sees as the necessary subsidence repairs. So Mr F has had an uninhabitable property, which he had no way of fixing, between June 2023 and March 2025. I make that roughly 21 months, nearly two years.

Costs

Mr F has asked for costs AIE would have paid had he insisted on being placed into alternative accommodation and had to pay rent. From what Mr F has said then, he did not incur a rental cost. So I can't reasonably require AIE to pay Mr F a sum he did not actually incur.

However, when a policyholder lives in an uninhabitable home or elsewhere because their home is uninhabitable, such as with family members, it is often accepted they will incur some extra costs as a result. An insurer will often seek to resolve that type of issue by paying a disturbance allowance of £10 a day. That would equate to roughly £6,300 for the period Mr F's home has been uninhabitable. I think AIE should be paying this sum to Mr F to account for his costs he has likely incurred but wouldn't be able to account for.

Mr F's mortgage costs would have remained the same regardless of the claim and the property being uninhabitable. So AIE doesn't have to reimburse them. Or the cost of his property insurance, or standing charges for utilities including water. Mr F should have been able to obtain a reduction in council tax for some of this period – but I am aware that some councils will increase council tax if a property is unoccupied in the longer term. AIE won't have to reimburse the usual council tax – but if an increase has been applied it should cover that additional cost. Further, if Mr F has been contributing to council tax in the property he is staying in, and can show this outlay, AIE should reimburse that cost. Any cost to be reimbursed will attract interest.

I understand that Mr F put his items in storage, initially to facilitate repairs. However, once further damage was found it also became apparent that the external doors of the property were not secure. AIE has accepted that this was caused by the subsidence and has allowed for repair of the doors within its recent scope of repairs (which has informed its cash settlement). So the fact the items have been in storage all of this time, with costs accruing, is because of the unresolved subsidence claim. AIE, in my view, needs to reimburse Mr F's outlay for storage, plus interest.

Finally for costs – there was the structural engineer instructed by Mr F. AIE has agreed to reimburse this cost. If it has not done so already, it should pay this now, plus interest.

Delay and poor service

AIE accepts it has caused delays and provided poor service to Mr F. I believe it's paid a total of £350. So far though AIE has denied the property was uninhabitable and so none of the compensation it has agreed to pay accounts for the fact Mr F has been out of his home for nearly two years. And AIE has never really put any thought into how long this claim should have taken had it not constantly failed Mr F by not getting reports quickly enough, and or not assessing them quickly enough once they were received. I've look at what happened, I've taken into account that, had AIE been handling this properly, it would likely always have wanted to be assured the property was stable before looking to settle. I don't think it's unreasonable to say that would probably have taken about a year. That's a conservative estimate allowing for various usual claim activity such as gathering reports and completing reviews in a timely manner and at least six months of monitoring.

So, as well as chasing AIE over an extended period, Mr F was out of his home for nearly a year longer than he should have been. And, for the year he might always have likely need to be out of his home, he should have been properly supported living in alternative accommodation covered under the policy. I'm of the view that compensation totalling £3,000 is fairly and reasonably due. I believe AIE has paid £350 previously (£200 and then £150). So that would leave it with £2,650 to pay now. The parties can advise if more or less has been paid and I'll review.

Repair issues

Mr F said he wanted certain items to be covered by AIE. AIE said the following items were part of its scope of works that informed its recent cash settlement:

Exterior brickwork, external doors, cracking in cellar, kitchen plaster and flooring, main bedroom ceiling, plastering and painting the bathroom, tinting rear flagstones.

AIE said any other work in the kitchen was covered by its earlier settlement for the water leak claim.

As far as I can see Mr F has not raised concerns about the extent of these scopes in as far as the items that are included within them are concerned. Rather it is the fact AIE won't include certain additional items as part of the repairs that concerns Mr F. So I'll consider those concerns below.

Roof

The roof is damaged. Mr F thinks it should be included in the claim, that the movement at the property has caused the damage – a visible dip. There is only one report on the roof. AIE's surveyor said the following:

"In the roof void urgent action is required to improve the seating of the upper purlin on the front roof slope on to the left hand party wall and this could be done by bolting a new purlin to it. Ideally the new purlin should extend across the house to strengthen the purlin which is slightly twisted. It is possible that movement from the escape of water has exacerbated the twist to the front upper purlin but it is not the cause of the inadequate seating which is the most critical problem."

So I can see why Mr F thinks the movement has caused damage. However, the surveyor does not say its most likely the movement caused damage, and he is certain the damage was in play already because of the insufficient seating. On balance I think AIE declining this aspect on the grounds its most likely not related to subsidence (or water damage) is fair and reasonable. So I won't ask it to amend its scope of repairs to include this.

Windows

AIE says it has completed a report on the windows. But I haven't seen that report. AIE says the report shows they are not damage due to either the water leak or subsidence. If AIE is correct and I view the report as persuasive, then it's likely I'll find its decision in this respect is fair too. AIE should provide that report to me within a week of the date of this provisional decision. If it does not, and does not before the two week deadline for all responses to be received passes, I'll likely find it liable for replacing the windows. After all, such can be damaged when a property suffers subsidence movement.

Bedroom floor

The bedroom floor is sloping. Mr F thinks it's part of the damage caused by the recent water leak and / or subsidence. AIE's expert says the floor is significantly sloping – so much so that, if this had occurred recently, there'd be much more significant crack damage. I'm satisfied by that opinion. I'm not currently minded to say AIE acted unfairly when it did not include repair of the floor within its scope of repairs. I'm not going to require it to amend its scope to include this repair.

Bootscraper

AIE previously said it would pay for replacing this – it was an antique which AIE's contractor disposed of whilst lifting flagstones at the exterior of the property. Seemingly Mr F has sent it estimates for replacement but AIE says it is waiting for like-for-like details to be provided. I'm not sure what AIE's issue is exactly with the estimates provided. But I think it's fair to say that, given the nature of an antique – it might be difficult to find an exact match, and there'll be only a very limited opportunity to "shop around" in order to secure a "good" price. AIE should, I think, have been more careful with Mr F's property in the first instance. Given the estimates Mr F has presented, and the comments I've made here about the difficulty of finding a replacement, I think AIE should reasonably pay Mr F £750."

AIE did not provide a report for the windows. AIE said it accepted my findings.

Mr F provided some further points he said he'd like to be considered. He concluded "[I] ask that you consider the deliberate behaviour of this company and conclude this nightmare once and for all with the insurer hopefully having to reflect on their behaviour".

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 note AIE did not provide a report on the windows. I said provisionally, if it did not do so, I'd likely require it to replace them. So I've added an award requiring AIE to amend its cash settlement to include replacement of the windows.

Mr F's response to my provisional decision set out a summary of what had happened during the claim. I can assure Mr F that, when considering his complaint and reaching my provisional decision, I took all of that detail into account.

I can see Mr F says a cash settlement for the kitchen, removed in June 2023 is outstanding. I can see he was expecting a settlement to be put forward by AIE regarding this around the time our Investigator issued his view on this complaint largely about delays. Whilst I said I would try and wrap up as much as possible within this decision, an outstanding settlement for a kitchen is a potentially complex issue and I don't think it would be appropriate for me to hold this decision – which has some significant settlement sums for AIE to pay Mr F, whilst this 'new' issue – new as far as this complaint is concerned – is investigated. I trust my referencing the issue here will highlight the point to AIE and encourage it to expedite settlement on this point for Mr F (assuming it agrees settlement is due). If AIE does not expedite matters, or if Mr F is otherwise unhappy with any decision AIE reaches on the kitchen, he can make a further complaint.

From what Mr F has said he is unhappy about some work which has been done and/or which has been affected during the period of delay. I can see he thinks some work will need re-doing and may or may not be accounted for by AIE's settlements. At this time, whilst I can see these are concerns for Mr F, I don't think the issues have been sufficiently put to AIE for it to be reasonable for me to sweep them into this complaint. I think Mr F needs to clearly set

out to AIE what he has received from it and what works (other than any issues I've decided upon here) still need to be done or redone. If he sets that out clearly, and AIE does not respond he can then complain. But I will ask our Investigator to speak to AIE about it appointing a single point of contact for Mr F to deal with, so both parties have as simple a route to final resolution of all claim repair issues as possible.

Mr F said the tinting AIE previously agreed to complete for exterior flagstones has not been done. That was referenced in our Investigator's view on the previous complaint. I noted provisionally, under my section "Repair issues" that AIE has included a cost for tinting the flagstones within its scope on which it's based its cash settlement. So that is why AIE has not completed that work. Whilst AIE has not done the work, it seems it has accounted for what it believes the cost to do that would be. If Mr F thinks it will cost more, he'll need to evidence that, to AIE in the first instance.

I note Mr F has described having muddled through with living arrangements and he's had to complete extra travelling and often eat out. These are the types of cost – incurred because of AIE's failure but difficult if not impossible to quantify – which are accounted for by the disturbance allowance I have awarded.

Mr F has asked that my decision is provided to make AIE reflect on its behaviour. That sounds very much like Mr F is requesting AIE be punished for the errors which have occurred. That is not the role of this Service. And nor are we claim handlers. My role is to look at what happened, decide what went wrong, and if what went wrong was due to some fault or failure of the business, set out what is needed to fairly and reasonably put matters right. That is what I've done here.

Having considered Mr F's response to my provisional findings, I remain satisfied by what I said. As such my provisional findings, along with my comments here, are now the findings of this, my final decision.

Putting things right

I require AIE to:

- Amend its own and any industry database to show only one claim for subsidence, reimbursing Mr F the escape of water excess, plus interest* from the date he paid this until settlement is made.
- Amend its cash settlement to include a cost for replacing the windows (those claimed for but previously declined by it).
- Pay Mr F £6,300 as a disturbance allowance for the period June 2023 to March 2025.
- Settle with Mr F for any additional council tax costs he incurred, either because his home was unoccupied, or for council tax he paid where he has been living. Plus interest* from the date Mr F incurred any additional costs, until settlement is made.
- Reimburse Mr F's costs for storage, incurred between June 2023 and March 2025. Plus interest* applied on each sum Mr F paid, from the date of payment until settlement is made.
- Reimburse Mr F's cost incurred for his surveyor. Plus interest* applied from the date of payment until settlement is made.

- Pay £2,650 compensation – where my total award is £3,000 but £350 has been paid already. (If more or less has been paid already the final total to pay will likely change).
- Pay £750 for the bootscraper.

*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 AIE to take off tax from this interest. If asked, it must give Mr F a certificate showing how much tax it's taken off.

My final decision

I uphold this complaint. I require Accredited Insurance (Europe) 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 F to accept or reject my decision before 13 June 2025.

Fiona Robinson
Ombudsman