

## **The complaint**

Miss B complains that FAIRMEAD INSURANCE LIMITED (FIL) has failed to fairly handle her claim made for damage to her property following damage resulting from subsidence.

Miss B feels avoidable delays have been added to the claim process which impacted her financially. The property was a rental property and Miss B didn't believe the property could be rented out until the repair works had been completed so when delays were added, she has lost out on rent for longer than she would have, had this delay not been added.

Miss B has asked for FIL to cover the costs she's lost as a result of the delays including lost rent, council tax costs, increased insurance costs and compensation for distress and inconvenience.

## **What happened**

A claim was raised in August 2022 after large cracks had been noticed by the tenants in Miss B's rental property. The cause of the subsidence was identified and steps were taken to remove vegetation and monitoring was agreed to confirm the property was stable before the remedial works to the interior and exterior of the property could be completed.

The property is a listed building and this meant as well as a schedule of works being produced, the planned work needed permission from the local planning authority and FIL and its agents requested the planning permission.

In July 2023, a pre-contract meeting was undertaken at the property and contractors were appointed by FIL to complete the works. It was noted it might not commence for a number of months as the planning permission was needed. In September 2023, a schedule of repair was provided by the contractor and a further site visit took place.

New contractors were appointed in January 2024 after concerns about the previous contractor were raised and the actions being taken with the relevant planning consents and permission.

An application for planning permission was made on 29<sup>th</sup> February 2024 for the external repairs and the decision received on 23 April 2024. These works were completed in May 2024.

Miss B complained to FIL about the progress of the claim and time it was taking for the repairs to be completed. She didn't understand why the internal works had not had permission applied for, at the same time as the external works and was concerned that a delay had been added.

The application for the internal repairs was made on 9<sup>th</sup> July 2024 and received by the local authority on 16 July 2024. This application was refused on 11 October 2024.

A new application for the internal repairs was made on 11 November 2024 and a decision was received on this on 7 January 2025. After this point, the repair work to the interior of the

property could continue with the correct permission in place.

FIL said it thought some delays had been added to the claim journey but it didn't accept the overall delay in its progress was its responsibility. It highlighted that the local planning authority delayed providing an answer on the first application for the internal works and it didn't think it was responsible for this. But to recognise the impact of its delay in submitting the claim for the internal works sooner, it offered Miss B £250.

Our investigator looked at this complaint and didn't think FIL had done enough to recognise the impact of its failings with the claim handling. They didn't think the property would have been uninhabitable, due to the repair works required and didn't think it was reasonable to ask FIL to cover the costs Miss B said she has incurred because of the property being vacant. But they felt the award for distress and inconvenience should be increased to £1250. They felt this was a fairer reflection of the impact of the distress and inconvenience experienced by Miss B with the delays added over the term of the claim.

FIL didn't agree, it accepted the award should be increased but proposed an increase to £750 only. Miss B did not accept this and our investigator said their opinion remained, that the award should be increased to £1250.

FIL didn't accept this recommendation and asked that the case be referred for decision.

Miss B also explained that she didn't think the recommendation went far enough. She felt FIL should cover the additional losses she incurred with loss of rent, council tax and increased insurance costs as a result of the claim delay. And she felt the award should be increased for the distress and inconvenience.

Because both Miss B and FIL disagreed with the recommendation made, the complaint was referred for 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.

I've decided to uphold this complaint, for much the same reasons as our investigator. I know this will be disappointing for both Miss B and FIL, but I'll explain why I think it is right FIL pay Miss B £1250 for the distress and inconvenience added with its handling of this claim. But why I don't think it would be fair to ask it to cover the additional costs Miss B says she has incurred.

The background to this complaint is well known to both sides, so I've focused on what I feel is relevant to this complaint and what is in dispute. And while I may not comment on everything that has been provided, all information has been considered when reaching my decision.

It is clear that delays have been added to the progress of this claim. What is to be determined is whether as a result of these delays, should FIL reimburse Miss B for costs and income she says she's lost as a result and whether the compensation paid to recognise the impact of the delays is fair and reasonable.

Miss B's policy does provide cover for loss of rent if the property cannot be lived in because of loss or damage resulting from an insured event, such as subsidence which has been accepted as the insured event in this claim. But this is only relevant if property is uninhabitable because of the damage.

Our investigator explained that they didn't think the extent of the damage described and pictured within the reports meant it was fair to deem it as uninhabitable. And while there would have been some inconvenience to the tenants, work could have been completed around them.

When the works were completed at the property, Miss B's tenants had already left a number of months earlier. The builders expressed concerns about working in the property when the tenants were smoking illegal drugs with this being a health and safety issue for the contractors. I think this is a legitimate concern to have and while I appreciate Miss B has said she was asked to remove the tenants for work to commence, she hasn't said that the comments made by the builders about the tenant's anti-social behaviour are untrue.

I appreciate that once the tenants left the property, it was likely more difficult for Miss B to let it out again with internal repairs being needed. She explained work had started and things like radiators had been removed, but as our investigator explained, there wasn't anything structural. The radiators were put back relatively quickly when requested and I don't think this detracts from the fact that the property was habitable.

I don't think it would be fair to say that because of the anti-social behaviour of the previous tenants, that FIL needs to consider any lost rent claims from Miss B. It was this behaviour that meant FIL's builders said they couldn't work with the tenants in situ and while this has resulted in the property being vacant, I cannot say with certainty when any new tenants would have moved in or when the previous tenants might have chosen to leave themselves, had notice not been given.

I also need to take account of the fact that the notice was given to the tenants in July 2023 and they left in early November 2023. This was before the works to the property started and before any permission had been obtained for the work to start. There was a delay with this taking place and I'll deal with this separately. But I think the timing of the eviction and fact that Miss B took the opportunity to complete other renovations in the property at the time means I don't think FIL need to consider any loss of rent for this period.

### *Claim delays*

I agree with our investigator, that the delays with the handling of this claim are significant. Claims of this nature will always result in distress and inconvenience being caused, but the delays have added to this and I think it is right this award is increased to reflect the impact on Miss B.

Delays were added when only the external planning application was made in February 2024 – with this being approved in April 2024. However, the application for internal work was not made at the same time. This wasn't made until July 2024 and while FIL has said the later application was delayed because of the local authority and its timeframes, the application was rejected as the information provided was insufficient with this decision being made in October 2024. The application was amended and re-submitted in November 2024 and approved in early January 2025.

I accept that the local authority may have added some delay after the internal works application was made. But I also think there is an indication that information which should have been provided, was not. And this again has resulted in a delay. In total, when looking at the time frame and when the application could have been made from, it's fair to say a number of months have been added which could have been avoided.

I've said already that I don't think it can be said with any certainty whether Miss B's tenants would have stayed had they not been given notice or whether once the property was

repaired, when new tenants could have been found and moved in. But it's fair to say the delay and absence of Miss B being able to look for tenants with the completed repairs having taken place will have caused considerable distress. This was at a time when the mortgage on the property had expired and the financial pressure of the property being untenanted was adding to the distress of the situation.

Our investigator recommended that FIL pay Miss B £1250 in total to compensate her for the distress added. There has been substantial distress and worry caused over a sustained period of time, as repeated errors delayed the repair works to Miss B's property being completed. I think it is right this is recognised and I agree that an award of £1250 is inline with our approach to this and fair and reasonable.

I appreciate Miss B has said as well as losing out on rental income and having to pay council tax for the time the property was vacant, her insurance costs have increased following her need to source this elsewhere. I've not seen this is a complaint point raised with FIL and she will need to raise this with it in the first instance. So, I've not commented on this further.

Overall, it is clear the handling of this claim could have been better and the delays added with the poor claim handling by FIL and its agent have caused distressed which could have been avoided. It is right that FIL compensate Miss B for this, but for the reasons I've explained, I don't think it needs to cover the costs she is claiming for loss of rent and council tax as the property was habitable. And but for the anti-social behaviour of the tenants, I think they could have remained in place when the works were completed.

### **Putting things right**

To recognise the distress and inconvenience added through avoidable delays and poor claim handling. FIL should pay Miss B £1250.

### **My final decision**

For the reasons I've set out above, I uphold this Miss B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 12 August 2025.

Thomas Brissenden  
**Ombudsman**