

The complaint

A company, which I'll refer to as R, complains about the way U K Insurance Limited trading as NIG ("UKI") dealt with a claim on R's business protection insurance policy.

Miss P, who is a director of R, brings the complaint on R's behalf.

What happened

R has a shop, which it occupies under a lease from the landlord. In April 2024 there was a fire and R's shop suffered extensive damage. R was unable to trade from the premises until repairs were carried out. Miss P made a claim on R's behalf in relation to damaged contents, stock, and losses caused by the interruption to its business.

UKI appointed loss adjusters to investigate the claim. They provided an interim report on 21 May 2024 recommending that the claim be accepted, with an interim payment for business interruption. They said it was likely R would be unable to trade for around six months pending repairs to the building.

Miss P wasn't happy with the way the loss adjusters handled the claim and made three complaints between June and September 2024.

In its response to the first two complaints, UKI acknowledged there was some delay and paid compensation totalling £200. But it said there was no evidence the loss adjuster was unprofessional or had provided inaccurate information, as Miss P has claimed.

On behalf of R, Miss P referred the complaint to this Service. She said she wanted the claim to be finalised, with a new loss adjuster appointed to review it.

In the third complaint, Miss P said she had provided all the information needed to calculate the final settlement figure and this had not been done. UKI did not uphold this complaint. It said the loss adjuster had made reasonable requests for further information. And it did not consider that all the items listed by R as stock were in fact stock, saying many of them were contents.

In total UKI paid £12,478 (which was the policy limit) to settle the contents claim; £15,118 for stock; and £21,508 for business interruption (which would cover the losses up to September 2024). UKI said it would keep the file for the business interruption claim open in case there was any further evidence of loss.

Our investigator said the payments for business interruption and contents, and the compensation already paid, were fair. But he recommended that UKI reconsider its position in relation to the stock claim, and either provide R with details of what further payments it would make for that claim, or explain why no payment should be made for any of the items.

Miss P accepted the investigator's recommendation regarding the review, but said the compensation should be higher. She said the delays caused lasting damage to R's business, and the compensation didn't adequately reflect the impact on her.

The investigator didn't change their view. So the complaint was referred for an ombudsman's decision.

UKI then reviewed the stock claim and offered a further payment. Miss P said the offer was too low. UKI is now dealing with this as a new complaint

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.

The relevant industry rules and guidance say insurers must deal with claims promptly and fairly; support a policyholder to make a claim; and not unreasonably reject a claim. They should settle claims promptly once settlement terms are agreed.

The policy includes cover for "Business Contents" and "All Other Stock", and for business interruption. UKI accepted the claim and the complaint is about how it was managed.

When she referred the complaint to us, Miss P said she wanted R's claim finalised once and for all, and compensation in respect of delays and poor claims handling.

Things have moved on since then. UKI has made payments to settle the claim, and it has also acted on the investigator's recommendations.

The contents claim was paid up to the policy limit. The payment for business interruption covered the period up to September 2024 and UKI agreed to keep that claim open pending any further evidence of loss.

Those elements of the claim were dealt with, but UKI hadn't dealt with the stock claim adequately. I agree the recommendation that UKI review the evidence provided in R's spreadsheet and either pay for those items, or provide an explanation of any it was not paying, is a fair way to resolve this issue.

Had it not done so, I would have directed UKI to review the claim for "All Other Stock". However, UKI has now done this. Miss P hasn't accepted the offer and has provided further comments to UKI,

This complaint only concerns the way the claim was handled up to the final response UKI sent in September 2024. The further steps UKI has now taken are the subject of a new complaint. If Miss P remains unhappy with the outcome of that complaint, it's open to her to refer a fresh complaint to us. It's not for me to comment on that within this complaint.

The other outstanding issue is the compensation. Miss P has explained why she doesn't think the payments UKI made are enough to acknowledge all the harm caused to her business.

Miss P is aware that, as R is a limited company, I can't award compensation for any distress she may have suffered. I can award compensation for the impact on R.

I've considered her comments carefully. While there was some delay initially, UKI has already acknowledged that and paid some compensation. Taking account of the time periods involved, I think that was fair. I appreciate the complaint continued for some time, but claims like this do require investigation. It was reasonable for the loss adjusters to seek evidence in support of the claim and to validate that. I don't consider they dealt with that unfairly.

There's some dispute about the advice given to R following the damage, for example in relation to making the premises secure. It's difficult to confirm what was said in conversations. But R would be expected to take reasonable steps to mitigate its losses. And any issues with the building itself were the responsibility of the landlord and their insurer.

No doubt the time taken to get the business up and running again would have had an impact, but I don't think the evidence shows there was additional loss caused by the way the claim was handled. The difficulties were primarily caused by the initial incident and R's business would have been impacted by this for months in any event.

Having taken all the circumstances into account, I don't think UKI needs to pay any further compensation.

My final decision

U K Insurance Limited trading as NIG has already agreed to review the claim for "All Other Stock" and I think this is fair in the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 30 July 2025.

Peter Whiteley
Ombudsman