

The complaint

Mr A and Miss K have complained that Tesco Underwriting Limited have caused delays and provided a poor service when they made an escape of water claim under their home insurance policy.

What happened

In October 2023 Mr A and Miss K made a claim for damage caused by an escape of water.

They complained to Tesco about the delays caused, poor communication and the handling of moving them to alternative accommodation while works were carried out to their home.

Over a series of final responses between May 2024 and October 2024 Tesco upheld the complaints. It offered compensation totalling £1,200 for the distress and inconvenience caused.

Mr A and Miss K said they didn't accept the compensation offers and asked us to look at their complaints.

One of our Investigators recommended Tesco pay a further £400 compensation to reflect the delay caused and the impact of Tesco's poor service.

Tesco accepted the Investigator's view. Mr A and Miss K didn't agree. They said the award only covers the costs they paid to replace the bathroom suite as it didn't make sense to put back a twenty year old existing suite after repair works. To resolve their complaint, Mr A and Miss K want Tesco to reimburse them for the costs of the replacement bathroom suite for £1,254.56 as a minimum along with compensation of £1,600.

So the case has been passed to me to decide.

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.

When there is a claim, particularly for fire or water damage, the impact can cause daily disruption for a significant period of time. This is unfortunately inevitable for these types of claims. We can look at whether an insurer's handling of a claim caused distress and inconvenience over and above what would otherwise be considered as reasonable.

In this case, the background is well known to both parties, so I don't intend to set out in the same level of detail as I've been provided with.

I'm sorry to read of the impact on Miss K's health, making an existing condition worse as it is aggravated by stress. Clearly this was a stressful time. Miss K is a carer for her Mum, and Mr A works a shift pattern. They have a pet. The works required to their home meant they needed to move into alternative accommodation (AA). In particular, the impact of having to move several times into different AA has been disruptive, time consuming, and inconvenient.

I think this was always going to be difficult, based on the time of year, the location requirements and health and pet requirements. But I think Tesco caused additional distress by failing to act promptly and proactively in supporting Mr A and Miss K in good time to make these arrangements.

It seems clear that Tesco's agents failed to properly estimate the length of time AA would be required – in July 2024 – which was 10 months after the incident – as drying works hadn't been taken into account.

Mr A and Miss K say they changed their wedding date from March 2024 to a later date in 2024. And that they had to change their plans to hold a separate celebration to the ceremony because of late availability. They say they had to take annual leave in order to deal with the claim and spent many hours on the phone to Tesco and its agents. I've considered the other losses they have mentioned, both financial and emotional.

When things go wrong, we look at what the impact was, for how long, and what an insurer did to put things right. When awarding compensation for distress and inconvenience, we look at whether the actions of the insurer caused over and above what would reasonably be expected for having to deal with a claim. And we look at what the policy provides cover for.

I understand Mr A and Miss K want Tesco to reimburse them for the costs of a new bathroom suite. And I understand their reasons for deciding not to have the original suite put back, when incident related repairs were done. But a new bathroom suite is beyond the scope of what the policy provides cover for. And so I cannot ask Tesco to pay these costs – as this was ultimately a choice Mr A and Miss K made to replace it then.

I think it's clear that Tesco's handling of their claim was poor and it caused unnecessary delay and inconvenience at an already stressful time. I appreciate Mr A and Miss K disagree, but the recommended compensation of £1,600 is within the range this service awards where an insurer's mistakes caused sustained distress, potentially affecting someone's health, or severe disruption to daily life typically lasting more than a year. So I find this sum to be reasonable and in line with what we would award in similar cases.

I understand Mr A and Miss K have returned home – but they say there are ongoing issues which remained unresolved. They are entitled to raise a new complaint about any issues since January 2025 with Tesco. If they remain unhappy, they can bring any subsequent complaint to us.

My final decision

My final decision is that I uphold this complaint. I require Tesco Underwriting Limited to pay compensation of £1,600 in total for the distress and inconvenience caused. This is £400 in addition to the £1,200 Tesco offered.

Tesco Underwriting Limited must pay the compensation within 28 days of the date on which we tell it Mr A and Miss K accept my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

If Tesco Underwriting Limited considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr A and Miss K how much it's taken off. It should also give Mr A and Miss K a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Miss K to accept or reject my decision before 6 August 2025.

Geraldine Newbold
Ombudsman