

The complaint

Mr S is unhappy with the service provided by Fairmead Insurance Limited (Fairmead) following a claim made on his home insurance policy.

Fairmead is the underwriter of this policy. Part of this complaint concerns the actions of third parties instructed on the claim. Fairmead has accepted that it is accountable for the actions of third parties instructed by it. In my decision, any reference to Fairmead includes the actions of any third party instructed by Fairmead during Mr S's claim.

What happened

In June 2022 Mr S contacted Fairmead to make a claim following fire damage affecting mainly the conservatory and utility in Mr S's home. The events following Mr S's claim are well-known to both Mr S and Fairmead, so I haven't repeated them in detail here.

Mr S complained about the service provided by Fairmead - relating to the poor management of his claim and costs that Fairmead said wouldn't be covered as they were not incident related. Fairmead considered Mr S's complaint and agreed its service had been poor in parts. Fairmead said it would pay Mr S £2,500 in recognition of the impact of its poor claim handling on Mr S. Mr S rejected this amount.

Unhappy with Fairmead's response, Mr S brought his complaint to the Financial Ombudsman Service. The Investigator considered the evidence and said Fairmead's service had been poor, but the compensation it has offered is fair and in line with what we'd direct in the circumstances. The Investigator also said Fairmead's decision on saying what it would and wouldn't cover was reasonable based on the evidence presented.

Mr S didn't agree with the Investigator's findings, saying Fairmead's refusal to cover the cost of repairs to the rear extension of his property is unfair, and he is out of pocket because of the money he has had to incur himself in completing these repairs. As the complaint couldn't be resolved it has been passed to me 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.

Jurisdiction to consider Fairmead's final response letter of 17 February 2023

The rules about complaining to the ombudsman set out when we can – and can't – investigate complaints. We operate under a set of rules laid down by Parliament under the Financial Services and Markets Act 2000, published by the Financial Conduct Authority and known as the DISP rules. These set out the extent of our powers, including the time limits that apply to our complaints.

DISP 2.8.2 says:

“The Ombudsman cannot consider a complaint if the complainant refers it to the Financial Ombudsman Service:

1) more than six months after the date on which the respondent sent the complainant its final response...

unless:

3) in the view of the Ombudsman, the failure to comply with the time limits in DISP 2.8.2... was as a result of exceptional circumstances; or...

5) the respondent has consented to the Ombudsman considering the complaint...”

Fairmead hasn't consented to our Service considering Mr S's complaint about the compensation awarded in final response letter issued on 17 February 2023. I need to determine whether the complaint was made in time.

Fairmead's final response letter issued on 17 February 2023 stated that Mr S had six months within which to refer his complaint to this Service if he remained dissatisfied. And it made clear that it wouldn't consent to this Service considering the complaint if it was made outside of the six-month timeframe required. Mr S didn't contact us until 27 August 2024 which is well outside of the six-month timeframe. So, according to the rule I've referred to, Mr S has unfortunately brought this complaint to us too late.

The only way I can set aside this time limit is if there were exceptional circumstances for Mr S not being able to refer the complaint to us. But the bar for exceptional circumstances is a high one – the example given in DISP is someone being incapacitated. I note Mr S has highlighted the health issues he experienced around this time. Although I recognise this was a challenging time, I can see Mr S was still in touch with Fairmead about his claim. So, I'm not persuaded exceptional circumstances apply here.

For the reasons explained, we cannot Mr S's complaint about the compensation awarded in the final response letter of 17 February 2023.

Fairmead's decision to limit cover for the repairs to Mr S's home

I'd like to reassure the parties that although I've only summarised the background to this complaint, so not everything that has happened or been argued is set out above, I've read and considered everything that has been provided. 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 has affected what I think is the right outcome.

The crux of Mr S's complaint concerns Fairmead's decision to limit its liability to the damage caused to the rear extension of Mr S's home to repairs only. Mr S says Fairmead should cover the costs of demolishing and rebuilding this area, because of the extent of the damage caused by the fire.

As with any insurance claim we'd expect an insurer to carefully consider and interrogate all the evidence provided on a claim. We'd expect an insurer to review any incident related damage and explain its reasons for saying it's inside or outside of the scope of a claim.

I've carefully considered Mr S's (and his appointed expert, T's) opinion on the damage caused to the rear extension of Mr S's home, and how this should be included in the scope of repairs. I note Mr S's strength in feeling about the decision by Fairmead to limit its cover to

repairs only. But all things considered, I'm persuaded Fairmead has acted reasonably in its decision to decline paying for the full demolishing and rebuilding of the rear extension.

In reaching this decision, and it's a very finely balance one, I've considered the actions and opinions of all the experts instructed on the claim. I want to make it clear I don't intend to speculate on what work I think should've been completed, as I don't have the expertise to make this judgement. I've reached my decision after reviewing the actions taken by Fairmead to determine Mr S's claim on what damage is covered by the policy.

Mr S has provided ample examples of damage that he considers exceeds the scope of work agreed by Fairmead. I don't intend on repeating all those examples here. It's evident, and accepted, that Mr S is in strong disagreement with the scope of work Fairmead has agreed for his claim. I must consider the evidence overall in determining whether Fairmead needs to do more to put things right.

Following an initial disagreement between Mr S and Fairmead about whether the existing walls of the rear extension could support roof repairs, Fairmead instructed its surveyor, G, to provide an expert opinion on this issue. G's report concluded *'Given the roof has a maximum span of circa 3.19m, a new roof will have minor additional loading implications at foundation level and is unlikely to have a negative affect on the foundations. Therefore, it is our opinion that the structure does not need to be demolished and rebuilt.'*

I recognise Mr S wasn't happy with these findings. However, it was reasonable for Fairmead to rely on this evidence to progress Mr S's claim. Mr S initially appointed a loss assessor, and surveyor to represent him. However following G's report, Mr S appointed another expert, an architect (hereafter referred to as T), to deal with the claim on his behalf.

T completed a report and sent this to Fairmead for consideration. The report set out extensive repairs and rebuild costs which T considered were incident related, and payable by Fairmead in settlement of the claim.

I've considered the evidence sent by T, showing costing amounting to £145,000.00 excluding VAT. This included the demolition and rebuilding of the rear extension (described as *kitchen* in T's report).

Fairmead arranged for G to complete a further inspection to advise on the design and specification of any future works. This report observed *'From a technical standpoint, the conservatory (kitchen) has been very poorly constructed in general terms with little or no regard to technical or regulatory compliance, workmanship or good practice.'* The report further concluded *'The re-building of the conservatory provides the most obvious problem and we refer you to [G's] engineer's report. In short, the structure is not fit for purpose and remains relatively unscathed. From a technical perspective, it should be demolished, however, the cross over point is the issue of what amounts to betterment and the proposals open to the loss adjuster in this respect'.*

Following this report Fairmead said the scope of any repairs paid for by it would be limited to the observations made in G's report. Mr S didn't accept these findings. As a result, Fairmead asked its contractor to complete a scope of repairs and costings. As the dispute about the rear extension couldn't be resolved, Fairmead paid Mr S the amount it would've cost its own contractor to complete the work. This amount came to around £33,000.

It's not disputed that G's report said the rear extension could be repaired, because *'a new roof will have minor additional loading implications at foundation level and is unlikely to have a negative affect on the foundations.'* I recognise Mr S's strength in disagreement with these findings. But I wouldn't be able to direct Fairmead to do more based on Mr S's testimony

alone. In line with our process, it's important that any decision I make is informed by the expert opinions provided on the case. So, I've considered what T said in its reasons for supporting the full demolition and rebuilding of the rear extension.

T's report doesn't go into any compelling detail about the scope of the fire damage, and the reasons why a full demolition and rebuild of the rear extension is needed. In contrast, I've seen that G's report of June 2024 makes extensive comments about the condition of Mr S's home, the reason why the scope has been limited, and the location of the fire damage and its impact on different areas of Mr S's home. Having reviewed the evidence, I'm more persuaded by both of G's reports, than the nominal reasoning provided in T's report.

I say this because although T's report includes extensive repairs and refurbishment of Mr S's home, it lacks in detail and reasoning to support why the scope has been extended to include large parts of Mr T's home. There's also little reference to the condition of Mr S's home, and crucially, the likelihood of the fire incident being responsible for the damage claimed. G's report, in contrast, does contain this detail, and specifically highlights where the damage started, and why the scope has been limited to specific parts of Mr S's home. I find this report more persuasive. Overall, I think it's reasonable to rely on this evidence for the purposes of determining what the scope of work should look like for Mr S's claim.

At the time of informing Mr S that it wouldn't be paying for any of the additional costings, Fairmead had received a combination of opinions, assessments, and reports from experts instructed on the claim. This includes a surveyor (G), and the contractor appointed to scope the claim for damage.

These experts had raised the same concerns about the scope of work, and costings, put forward by Mr S. Given the consistent and compelling evidence from different experts on the claim, it's fair and reasonable for Fairmead to rely on this evidence to inform its decision on Mr S's claim.

I recognise the disappointment my decision will bring to Mr S. And I agree with what Mr S has explained about Fairmead's poor handling of his claim. I've explained more about Fairmead's poor claim handling later in this decision. But when considering Mr S's specific complaint about the limiting scope of work agreed to by Fairmead, I'm persuaded Fairmead's actions have been reasonable.

That's not to say Mr S hasn't experienced upset and distress by Fairmead's poor management of his claim. But ultimately, we'd expect an insurer to question and review all costs submitted on a claim. Fairmead sought opinion from several experts before informing Mr S that the additional costings wouldn't be covered and setting out what it would be willing to pay for. Without going into the detail of what those experts found, what is apparent is that they all agreed the additional work being claimed was either unlikely to be incident related or had already been accounted for in its scope of work.

I'm satisfied Fairmead has done enough to investigate the claim and made an offer to settle the claim in line with what we'd expect for a policy like Mr S's. So, I won't be asking it to revisit any parts of the claim or make any further payments for this claim.

Claim handling

The scope of my decision when considering Fairmead's claim handling has considered its service from the date of Mr S's claim in June 2022, to its final response letter issued in December 2024. I have also included in scope the events referred to in Fairmead's final response letter of April 2024.

In April 2024 Fairmead offered Mr S £2,500 for the impact of its poor claim handling. I've considered what has happened on Mr S's claim, and the large parts of poor service provided by Fairmead during Mr S's claim. And I'm persuaded £2,500 is fair compensation, and in line with what this Service would direct in the circumstances. I'll explain why.

It's not disputed that Fairmead could've done more to proactively manage Mr S's claim, and prevent undue trouble and upset being caused to Mr S and his family. Fairmead caused unnecessary upset and delay in failing to review Mr S's alternative accommodation needs sooner in the claims process. I don't think Fairmead acted fairly by focusing its communication solely on the works needed to the rear extension. It wasn't until over a year into the claim that Fairmead proactively set out to understand Mr S's alternative accommodation needs and take action to address this. This amounts to poor claim handling.

I've also seen that Mr S continued to chase Fairmead for updates on his claim, and related matters. Mr S frequently highlighted the stress it was causing him, and the impact on his health in staying in his home with the residue of smoke following the fire. I'm persuaded raising his concerns continuously would've caused Mr S undue upset and frustration at a time that he was already distressed with the poor handling of his claim.

I'm mindful that claims of this size and complexity can cause upset and frustration, even when things go as they should. But it's evident Fairmead's service was poor. It could've communicated better, shown more proactive management of the claim, and acted more expediently in reaching decisions on the claim. These failings have all led to undue upset and inconvenience being caused to Mr S over a prolonged period.

Given everything that has happened, I'm persuaded £2,500 compensation is in line with we'd direct in the circumstances. The compensation already offered fairly recognises the impact on Mr S by what went wrong with the handling of the claim, but also that the outcome of the claim itself remains unchanged.

My final decision

For the reasons provided I uphold this complaint. Fairmead Insurance Limited must pay Mr S £2,500 for the distress and inconvenience caused to him by the poor handling of his claim.

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

Neeta Karelia
Ombudsman