

The complaint

Mr A's complaint is about a claim he made on his U K Insurance Limited ('UKI') rent guarantee insurance policy.

Mr A says there were considerable delays in progressing his claim which led to him experiencing financial loss. He's also unhappy with the payments made to him being capped at 12 months' worth of rent arrears.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving my reasons for my 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.

Having done so, I don't uphold Mr A's complaint for broadly the same reasons set out by the investigator. Before I explain why I wish to acknowledge Mr A's strength of feeling about his complaint and the detailed submissions he's made. Whilst I've read everything he's said, I won't be addressing it all. That's not intended to be disrespectful. Rather it's representative of the informal nature of the Financial Ombudsman Service. Instead, I'll concentrate on the crux of Mr A's complaint, namely whether UKI treated him fairly.

As the investigator said, in this complaint I can't address the matters that Mr A complained about to UKI, which were addressed by them in a final response letter dated 8 May 2024. That's because Mr A didn't refer this complaint to the Financial Ombudsman Service within six months of the date of that letter, which falls outside of the time frames applicable to the complaints we are able to consider. As such I will address only those that have been referred in time.

Policy Cover

The starting point is the policy terms. They say:

"We will pay your rent arrears while your tenant or ex-tenant still occupies the let property up to a maximum of 12 months for any one claim."

Mr A is unhappy that this is the maximum duration UKI have applied to his claim for rent arrears as he says those arrears span separate policy periods and he has paid separate premiums for this. As such he feels that a new contract was formed on each occasion. He also says that the policy doesn't explicitly state that the existing claim continues at renewal into the new policy year.

I understand why Mr A thinks this, but the term I have quoted is common in policies of this nature. And the terms stipulate that the maximum payable is 12 months of rent arrears for

any one claim. We would consider Mr A's claim to amount to one claim because they are for continuous rent arrears stemming from one date. I appreciate that Mr A might have wanted to separate his claim into two policy years, but the policy terms don't permit him to do so. That's because the policy excludes any rent arrears that accrued before it started and only provides cover for the insured incident (namely rent arrears) as long as it is reported within 90 days of the date Mr A should have known about it. So even if Mr A wanted to claim for the rest of his rent arrears in a separate policy period, he would be prevented from doing so because cover wouldn't be available for any arrears before a second policy started and equally, he wouldn't be able to claim for arrears he would have already known about after 90 days. This would include knowledge of the arrears from the date they started, leading to a finding that nothing would be payable in the second policy year. So, although I understand why he wants his claim to be covered for longer than 12 months of rent arrears, this is the limit applicable to it and therefore UKI were entitled to stop paying anything further when it was reached.

Mr A has made submissions about the term applicable to his claim for arrears being ambiguous. Even on a standalone basis, I don't agree that the term suggests anything different to the way I've explained it. I think that most policyholders would read the term to mean that a claim for continuous arrears would amount to one claim and therefore the limit would be 12 months of cover for it. But even if that were not the case, when read with the remaining policy terms, I'm satisfied that cover would be excluded for the same claim over subsequent policy years in any event.

Mr A has asked whether it's fair for UKI to charge a policy premium for renewal of the policy and not pay his claim over two policy limits. I've explained the position in relation to the policy limit applying to one claim. It is of course a matter for Mr A to determine whether he wanted to continue to renew his policy with UKI in subsequent policy years. His claim in respect of this matter is not contingent on such a renewal and I've not seen anything to suggest that UKI led him to believe that.

Delays

Mr A's main complaint is that the delays in his claim being dealt with prejudiced his position and meant that it took longer to deal with, exposing him to further liability for rent arrears. UKI considered this and accepted that there were unnecessary delays on their part. As such they offered to extend the 12-month cover for rent arrears by two months. I've considered this alongside the broader picture of delays complained of by Mr A and I think this is a reasonable offer in the circumstances. It goes beyond what the policy offers and compensates Mr A for the lost rent he might not have been exposed to if it wasn't for those delays. I say might because the main crux of Mr A's complaint is about the delays in the firm appointed by UKI to progress his claim. That's not something UKI are responsible for. As the investigator explained that firm of Solicitors is separately regulated and subject to its own professional codes of conduct. As such they fall outside of my remit. If Mr A remains unhappy with the panel firm's conduct, he's entitled to make a complaint to them directly or through the Legal Ombudsman.

I understand Mr A feels that UKI are responsible for the panel firm's conduct but that's not correct. The panel firm were appointed to act for Mr A, and he would likely have signed a letter of retainer with them directly. UKI's agreement is only to fund that firm's costs. Because of this I can't say they're responsible for how the panel firm dealt with Mr A's claim and he would need to take this up with them directly.

UKI have also accepted that there were delays in progressing Mr A's claims made under the policy. They offered him £200 in respect of the distress and inconvenience this would have caused him. I appreciate that Mr A doesn't feel this adequately compensates him but when I

take into account the fact that UKI also paid two months' worth of rent arrears outside of the policy terms to compensate him for losses he might have suffered as a result, I think this is adequate. I say so because I haven't seen any supportive evidence to suggest that the amount they have offered is insufficient to compensate him for their delays in dealing with his claims. And because Mr A has also complained about the panel firm's conduct causing him to have suffered considerable loss too, I'm not satisfied that the early delays on UKI's part are entirely the cause of the rent arrears continuing to accrue in the way that they have. Mr A hasn't been able to demonstrate with evidence that if matters had been dealt with more promptly by UKI alone, his claim against his tenant would have concluded sooner than it has and that his liability for mortgage repayments would have been less. In light of that, and given UKI have now paid Mr A everything he's owed, plus two additional months' worth of rent arrears and £200 for the distress and inconvenience their delays caused him, I think they have done enough to put things right.

My final decision

For the reasons set out above, I don't uphold Mr A's complaint against U K Insurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 21 October 2025.

Lale Hussein-Venn
Ombudsman