

The complaint

Mr D and Miss E are unhappy with the delay in U K Insurance Limited (“UKI”) settling their claim following a decision to do so was made by the Financial Ombudsman Service (FOS). They think the settlement paid by UKI is unfair. UKI were providing a home insurance policy.

What happened

Following a complaint made to our service, the FOS issued a decision directing UKI to settle a storm claim. Unfortunately, when Mr D and Miss E approached UKI to settle the claim, it declined the claim again.

Mr D and Miss E commissioned their own contractors, who said it would cost around £2,000 to repair the storm damage to their roof or £5,500 to replace the whole roof. For economical reasons and having taken advice from their contractor, Mr D and Miss E chose to have the whole roof replaced at the higher cost.

Mr D and Miss E complained to UKI about their claim being declined a second time, given they had a mandate issued from our service to have the claim settled. UKI accepted the claim second time around and settled the claim for £1,013 less the policy excess (plus 8% interest). UKI also paid £350 compensation, for the delay in settling the claim.

Mr D and Miss E feel that UKI’s mistakes led them to progressing with the repair of their roof themselves. They say it led to them taking the advice of their contractor and for economical reasons chose to have the whole of their roof replaced rather than just the part that was damaged by the storm. So, they think UKI should settle the claim for £5,500 less the policy excess. They’ve also requested a higher level of compensation.

Our investigator decided to partially uphold the complaint. He didn’t think UKI were liable for the replacement of the whole roof. He said under the terms and conditions UKI were only responsible for repairing the storm damage. However, he thought UKI should’ve settled the claim at market rates rather than at its own contractor rates, so he said UKI should increase the settlement level provided Mr D and Miss E could evidence the incremental costs they’d incurred in repairing the storm damage. Our investigator asked UKI to pay £100 for the distress caused by UKI using a lower contractor rate when settling the claim. Mr D and Miss E disagreed, so the case has been referred to an ombudsman.

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.

Unfortunately, I can’t agree that UKI should be made liable for settling the cost Mr D and Miss E have incurred in having their whole roof replaced.

Having read the policy, the terms are clear that UKI’s liability only stretches to the area damaged by the storm. The specific section of the policy states:

“If the buildings are damaged by any of the causes listed in Section 1, we will either:

- *repair or rebuild the damaged part using our suppliers*
- *pay to repair or rebuild the damaged part using your suppliers*
- *make a cash payment.”*

I appreciate what Mr D and Miss E have said that if UKI had repaired their roof, they would never have listened to the advice of their own contractor to have the whole roof replaced. They would've just let UKI repair the damaged part.

However, I think Mr D and Miss E still had the choice themselves to repair just the damaged part of the roof. I appreciate it was more economical to replace the whole roof at the same time, but they had the choice all the same. The incremental costs of replacing the roof (compared to the damaged part) is considered betterment and isn't covered by the insurance policy. Therefore, I don't uphold this aspect of the complaint.

Mr D and Miss E were unhappy with the settlement they received for the damaged area. They didn't think UKI's surveyor did enough investigation to properly assess the scope of works. I've reviewed the scope of works, and it seems reasonable for the damage that had occurred. UKI relied on its expert surveyor who is experienced at estimating works. I haven't seen any evidence provided to suggest there was anything incorrect with the scope of works provided.

However, UKI applied its own contractor rates to its scope of works. Normally, this would be OK, as the policy allows UKI to settle at the cost it would be for it to complete the works. But in these circumstances, UKI delayed the claim which led to Mr D and Miss E having to use their own contractor which may have been at a higher (market) rate. It's possible these rates were higher than UKI's own contractor.

I appreciate Mr D and Miss E have said they can't get hold of any information from their builder or other builders to work out what it would've cost to get just the damaged area repaired. However, to show UKI's settlement was too low, they will need to evidence that the costs to them of repairing the damaged works were higher. So, I uphold this part of the complaint, but for UKI to increase its settlement, Mr D and Miss E will need to provide evidence of the higher costs for the damaged scope. If the settlement is increased, UKI should add 8% interest per annum for the lost time of money (from the time Mr D and Miss E paid for the works, to the date UKI make the increased settlement).

Finally, I've considered the compensation award. I think UKI have made a fair offer in £350 for the further delay of the claim and the distress suffered when finding out the claim was declined again. Given the difficult journey Mr D and Miss E had been on and their vulnerable circumstances, I think this would've been quite difficult for them. However, I'm glad UKI have recognised this and provided a sensible offer.

However, I don't think the compensation does take account of my decision in relation to the settlement amount. I think UKI should've sought evidence themselves from Mr D and Miss E to pay the market rates for the work. Given the inconvenience this has caused, and the need for Mr D and Miss E to seek out further evidence, I award a further £100 in compensation.

My final decision

My final decision is that I partially uphold this complaint. I require U K Insurance Limited to:

- If Mr D and Miss E can provide evidence of higher market rate costs (to get the work completed) when compared to UKI's contractor rates, then UKI must increase the settlement to allow for this, and add 8% interest (from the time Mr D and Miss E paid for the works, to the date UKI make the increased settlement).

- Pay £100 compensation – for distress and inconvenience (UKI should also pay the original £350 offered if it hasn't already).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Miss M to accept or reject my decision before 20 August 2025.

Pete Averill
Ombudsman