DRN-5700845

The complaint

Mrs M has complained about the way U K Insurance Limited intends to settle a claim she made for storm damage under a home insurance policy she shares jointly with Mr M.

For ease, I've referred to Mrs M in my decision as the lead complainant on behalf of Mr and Mrs M.

What happened

In May 2024 Mrs M made a claim for storm damage to the roof of their conservatory. UKI arranged for a surveyor to attend.

The first surveyor provided an estimate for repairs, which included associated necessary works to a neighbour's roof.

Because the estimate included works not covered under the claim to the neighbour's roof – UKI offered Mrs M a cash settlement.

Mrs M didn't accept the cash settlement. She wanted UKI to arrange for a contractor to carry out the repairs.

UKI arranged for a second surveyor to attend. They provided an estimate which was substantially lower than the first surveyor's estimate. The second surveyor said due to the condition of the roof from previous repairs, it wouldn't complete the works.

UKI said its cash settlement offer was fair. Mrs M complained, but in September 2024 UKI didn't uphold the complaint. UKI said it would reconsider the claim if Mrs M provided an estimate from a contractor.

Mrs M provided an estimate dated 31 October 2024 to UKI. UKI increased the cash settlement offer by £101.25, but said the original reasons for not increasing it further – and not offering for an approved contractor to do the repairs – still stood.

In January 2025 UKI accepted it had caused a delay of almost a month in reviewing the estimate Mrs M had provided. For this, it apologised and paid £250 compensation for the distress and inconvenience caused.

Mrs M remained unhappy and asked us to look at her complaint. One of our Investigators recommended UKI include the costs of installation of the roof panels to the conservatory in the cash settlement.

Mrs M didn't accept the Investigator's findings. UKI said the cash settlement included installation costs. So the case was passed to me to decide.

I asked UKI to provide a breakdown of the cash settlement offers it had made to Mrs M, to show it had acted reasonably. Having reviewed the information provided by UKI, I issued a provisional decision on 7 July 2025. I thought UKI should do the following:

- Increase the cash settlement it pays to £5,688.80 including VAT based on the estimate provided by Mrs M’s contractor. If, since providing the estimate in October 2024, costs have increased, UKI would need to pay the increase subject to receipt of an updated estimate.
- Pay Mr and Mrs M £450 compensation for the distress and inconvenience caused.

UKI said it would accept the decision but subject to receiving an updated quote to ensure it wasn’t highly inflated or included costs not related to the claim.

Mr and Mrs M accepted my provisional decision and provided an updated quote, which we passed to UKI.

So the case has been passed to me for a final 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.

What I wrote as my provisional findings

Mr and Mrs M’s policy with UKI says it can settle a claim by way of a cash settlement. It says;

> *“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*
>
> *If we can repair or rebuild the damaged part, but we agree to use your suppliers or make a cash payment, we will only pay you what it would have cost us using our suppliers and therefore the amount you receive may be lower than the cost charged by your suppliers.*
>
> *If we cannot repair or rebuild the damaged part, we will pay the full cost of rebuild or repair.*
>
> *We may take off an amount for wear and tear if the buildings were not in a good state of repair at the time of the damage.”*

The first surveyor report provided by UKI’s appointed contractor quoted £7,801 excluding VAT for repairs to the roof for storm damage, and £851.53 for the conservatory repairs.

They quoted £1,080 for the works required to the adjoining neighbour’s roof which is included in the £7,801 figure.

The first surveyor didn’t mention evidence of previous poor repairs or wear and tear.

So, based on the first surveyor’s estimate – excluding works for the neighbour’s roof – the estimate came to £7,571.53 excluding VAT.

The second surveyor's report quoted £1,027.40 excluding VAT to *"replace 4 to 6 roof panels"* but also says all 6 panels were damaged by hailstones.

They did not provide a detailed schedule of works. So it doesn't show how this estimate was arrived at.

The second surveyor said that due to previous repairs and the condition of the roof, it wouldn't carry out the repairs.

The estimate provided by Mrs M's contractor quotes for £4,740.67 excluding VAT. This estimate doesn't specify any works related to the neighbour's roof adjoining Mr and Mrs M's roof. But otherwise provides a detailed schedule of works.

UKI's cash settlement offers have fallen within the region of £2,000 including VAT. But it isn't clear from the information provided how UKI arrived at the cash settlements offered, despite providing further information. I say this because they do not provide a like for like breakdown that we can compare each offer against – nor can I see a breakdown of the amounts deducted for wear and tear or for neighbouring works. It isn't possible to determine what the basis of the increase in the cash settlement relates to. They all however fall far below the estimates provided by the first surveyor – even when excluding the neighbour's works – and the estimate provided by Mrs M from her contractor.

We find it is reasonable for an insurer to make a deduction for wear and tear as this isn't part of incident related works. But an insurer should be able to show that the deduction is fair – outside of the incident related repairs – and show if this would amount to betterment. I don't think it is unreasonable for UKI to deduct the costs to repair the neighbour's roof for the same reason.

However, I'm not satisfied from the information provided by UKI that it has shown it reached its cash settlement in a fair and reasonable way. And we don't agree that an insurer's cash settlement – where it isn't offering for an approved contractor to complete the works – should be based on their approved contractor rates. This isn't fair to a consumer. UKI has not given Mrs M the option to have an approved contractor complete the repairs.

Where a cash settlement is made in these circumstances, an insurer needs to pay the contractor rates from the estimate provided by a consumer.

So as things stand, I don't think UKI has treated Mrs M fairly in deciding a cash settlement for their claim for storm damage.

To put things right, I think UKI should increase the cash settlement. I have relied on the first surveyor report and Mrs M's contractor report as they both provided a detailed schedule of works. The difference is that Mrs M's contractor hasn't specified any works to the neighbour's property. It's possible the estimate doesn't include these works.

Given the estimate provided by Mrs M's contractor seems otherwise reasonable, I think a fair outcome is for UKI to pay Mrs M a cash settlement of £5,688.80 including VAT in line with her contractor's estimate. However, if the costs since providing the estimate on 31 October 2024 has increased, UKI should meet the increased costs subject to receipt of an updated estimate.

I think UKI's decision to offer a significantly lower cash payment to settle the claim has caused Mrs M considerable distress and inconvenience. And it means Mrs M hasn't been able to arrange for the repairs to be completed. For this I think UKI should pay £450 compensation. This is in addition to the £250 compensation it paid for the delay reviewing Mrs M’s contractor report, which I find was reasonable to resolve this part of her complaint.

Response to my provisional findings

We sent the updated estimate for works provided by Mr and Mrs M to UKI on 10 July 2025. As I haven’t received a further reply from UKI, and I find the updated estimate to be reasonable, my final decision is along the same lines as my provisional decision.

My final decision

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

- Increase the cash settlement it pays to £6,197.80 including VAT based on the estimate provided by Mr and Mrs M’s contractor dated 10 July 2025.
- Pay Mr and Mrs M £450 compensation for the distress and inconvenience caused.

U K Insurance Limited must pay the compensation within 28 days of the date on which we tell it Mr and Mrs M 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 U K Insurance Limited considers that it’s required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr and Mrs M how much it’s taken off. It should also give Mr and Mrs M 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 M and Mrs M to accept or reject my decision before 19 August 2025.

Geraldine Newbold
Ombudsman