

The complaint

Miss P has complained about the way West Bay Insurance Plc (“West Bay”) has handled and settled a claim she made under her home insurance policy, for damage to her shed which was caused by a flood.

What happened

Miss P took out building and contents insurance with West Bay in 2022. In January 2023, she made a claim to West Bay for water damage in an outbuilding (shed) which she said had occurred on 19 January.

During the course of the claim, Miss P became unhappy with West Bay’s progress and the way it was handling, and in particular settling, the claim. She raised a complaint about the ongoing handling of the claim, which West Bay responded to in October 2023. Miss P then complained about a number of other issues, including health concerns, West Bay’s communication, further delays, the potential use of West Bay’s contractor’s building repair network, the settlement offer and cleaning of the property.

In particular, Miss P said the replacement shed wasn’t like for like, and that her family were suffering from health issues which they believed to have been caused by black mould spores, due to the claim not being dealt with properly.

West Bay said in response to the later complaint, that there were already signs of mould and mildew in the shed when it carried out an early inspection and produced its initial report, which it wouldn’t have expected to see so soon after the insured event occurring. It concluded that the mould was therefore pre-existing and not a result of the escape of water which led to the claim.

It also didn’t agree with Miss P about the suitability of the proposed shed, the use of its contractor’s building repair network and the settlement offer in general, as it believed the settlement was fair and reflected the cost of replacing the shed. It did however accept that there had been some delays, and offered Miss P £200 compensation for the distress and inconvenience these had caused.

Miss P didn’t agree with West Bay’s response. She said the state the property had been left in had caused the black mould on the walls and in the air, leaving the residents unwell. She said she’d been advised initially that West Bay would be arranging for someone to come and clean the property but that it was now telling her this wouldn’t be done. She reiterated that the shed offered wasn’t a like for like replacement. So she referred her complaint to this service.

Our Investigator considered the complaint and upheld it. She said West Bay should pay £4,710.31 for the shed and its assembly, plus an additional £400 compensation (on top of the £200 offered) for the service Miss P had received, bringing the total amount of compensation for the complaint to £600. West Bay didn’t accept all of our Investigator’s recommendations. It said it was only obliged to offer a cash settlement equivalent to the amount it would cost it to replace the structure, and as it would cost West Bay only £1,750

for the replacement shed and assembly, it considered the Investigator's recommended settlement too high.

But West Bay did agree to increase the compensation payment to £600. And in an effort to settle the complaint it offered a 25% uplift on its contractor's costs, to ensure Miss P could have the work completed within the settlement amount offered.

But Miss P didn't agree to the final offer. Whilst she accepted the total revised cost for all the works to be carried out including the 25% uplift, she didn't accept that a suitable replacement shed could be obtained within the amount allocated by West Bay. As an agreement couldn't be reached, the complaint has now come to me for an Ombudsman's 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.

As this is an informal service, I'm not going to respond here to every point raised or comment on every piece of evidence Miss P and West Bay have provided. Instead, I've focused on those I consider to be key or central to the issue still in dispute, in particular regarding the cost of the shed. But I would like to reassure both parties that I have considered everything submitted. And having done so, I'm upholding this complaint. I'll explain why.

The insurance industry regulator, the Financial Conduct Authority (FCA), has set out rules and guidance about how insurers should handle claims. These are contained in the 'Insurance: Conduct of Business Sourcebook' (ICOBS). ICOBS 8.1 says an insurer must handle claims promptly and fairly; provide reasonable guidance to help a policyholder make a claim and give appropriate information on its progress; and not unreasonably reject a claim. It should also settle claims promptly once settlement terms are agreed. I've kept this in mind while considering this complaint together with what I consider to be fair and reasonable in all the circumstances.

As the parties have largely agreed on several aspects of the claim and complaint, I won't comment on the amounts that have been agreed. That means that for the protective items, dismantling of the old shed, the skip, the electrics and plumbing, the insulation, the kitchen units and worktop, and the painting of the shed, I'll require West Bay to pay Miss P the amounts it has offered her in its email to this service dated 22 July 2025. It offered her £200 for reasonable protective items, £375 for the dismantling of the old shed, £312.50 for a skip, £1,500 for electrics and plumbing, £861.25 for insulation, £1,562.50 for the kitchen units and worktop, and £500 for the painting of the shed. The total amount is set out below under the section "Putting things right" and as these amounts now include a 25% uplift on West Bay's contractor's costs and Miss P has accepted these amounts, I consider the offer fair.

I also think West Bay's response to the issue of Miss P using its contractor's repair network is reasonable, as insurers aren't generally obliged to offer their building repair network's services – and this isn't a policy benefit. The policy says West Bay will settle a claim for loss or damage by making a payment or (at its option) by repairing the damage.

The key issue for me to consider which remains outstanding is the claim for the damaged shed. It's not in dispute that the shed was damaged beyond repair and that a replacement is required. I've looked closely at the specifications of Miss P's old shed and I've compared these to the specifications of the replacement shed proposed by West Bay.

West Bay has said that the shed Miss P has suggested is of far superior quality, and that her

old shed was of standard tongue and groove structure, with a felt roof and double doors to one end, finished with standard outdoor wood treatment. It says the shed Miss P has suggested is handmade to order, high grade Northern Scandinavian Redwood with cladding which isn't comparable to the existing structure.

But the shed proposed by West Bay does not appear to be of the same strength and durability as Miss P's current shed. I say this because whilst I can see the size and shape are similar, Miss P's old shed is heavy-duty and weather-proof with a thicker roof and guttering – which don't appear to be features of the shed West Bay has proposed to pay for. There are, in my view, numerous differences – including the use of mineral felt instead of heavy-duty roof felt, and the lack of galvanised doors. From looking at the photos of both sheds, the replacement proposed by West Bay does appear less robust. So I'll require West Bay to pay Miss P in line with the schedule of works provided by its own contractor – which brings the rebuild costs for the new outbuilding and fitting of the kitchen units to £4,710.31.

I'm sorry to hear that Miss P's family have experienced health issues following the claim. Having looked at the photos Miss P has provided of the mould, I can certainly appreciate why she's felt that their health issues were caused by contaminated items being moved into their home. I've considered the available information and there isn't enough evidence to persuade me that the damp and mould issues weren't pre-existing, as West Bay says. West Bay has provided evidence including photos to show that the shed had already been drawing in moisture through the base and walls in wet conditions and there was substantial moss growth indicating that there was long term dampness to the structure. It follows therefore that I can't safely conclude that the health issues Miss P has described are a result of the mishandling of the claim.

West Bay has agreed to the total of £600 compensation for distress and inconvenience recommended by our Investigator. I agree that there have been further delays of a few months and I consider £600 to be fair and reasonable in the circumstances. So I'll require West Bay to pay the £600 from which it can deduct any compensation it's already paid Miss P for this complaint.

Miss P has raised a further issue about the damage to the decking. As this wasn't considered as part of the current complaint, West Bay has set up a new complaint to deal with that issue. So I won't comment on that issue here, but if Miss P remains dissatisfied she is free to bring a new complaint about the decking to this service if she wishes, subject to the usual rules and time limits that apply.

Putting things right

West Bay Insurance Plc should:

- Pay Miss P the amounts it has offered in its latest offer (£5,311.25 in total) for the protective items, dismantling of the old shed, the skip, the electrics and plumbing, the insulation, the kitchen units and worktop, and the painting of the shed.
- Pay £4,710.31 for the replacement shed, assembly, and fitting of kitchen units.
- Pay Miss P a total of £600 compensation for distress and inconvenience. This amount includes the £200 previously offered.

My final decision

My final decision is that I uphold this complaint and I direct West Bay Insurance Plc to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 12 September 2025.

Ifrah Malik
Ombudsman