DRN-5727107

The complaint

Ms M and Mr M complain about the way Protector Insurance UK ("Protector") handled a claim they made on an insurance policy for their leasehold flat.

Mr M has acted as the main representative during the claim and complaint process. So, for ease of reference, I will refer to any actions taken, or comments made, as those of "Mr M" throughout this decision.

What happened

Mr M is the leasehold landlord of a flat within a block owned by a local council. The local council arranges an insurance policy for the block and recovers each leaseholder's share of the premium through their service charge.

Mr M raised a claim with Protector in June 2024 after noticing water ingress from the flat above his. Protector accepted the claim and appointed a claims handler and contractor. But Mr M felt that the appointed contractors acted in a non-transparent and unfair way. He said we wasn't provided with the agreed scope of works or the final claim quantum and said the works specifications appeared to be inflated and included works that weren't carried out. Mr M also said there were delays in providing information following his requests, and he thought Protector were inflating the claim costs in order to increase premiums for him and other leaseholders. He raised a complaint to Protector outlining his concerns.

Protector considered the complaint and issued a final response in December 2024, in which they explained they had referred Mr M's queries about warranties and works to the contractors involved. They said Mr M was provided with a schedule of the completed works and that a 12-month guarantee applied to them. Protector also said they provided some of the requested information to Mr M in an e-mail in early December 2024 and overall considered this was a fair and reasonable resolution to the complaint. Mr M remained unhappy with the response to his complaint – so, he brought it to this Service.

An Investigator looked at what had happened but didn't recommend that the complaint should be upheld. She explained that she couldn't look at any issues around other leasehold premium increases, as this Service could only consider how Protector dealt with Mr M's individual claim. But in respect of that claim, the Investigator said she'd reviewed the available evidence, and there was nothing she'd seen to suggest Protector or their contractors had acted unfairly or unreasonably. She acknowledged Mr M's concerns about the schedule of works; but said there was no evidence that persuaded her the listed works were unrelated to the escape of water damage claim. She also said that she thought it was fair that Mr M had been given a rounded figure for the total claim cost; but explained Protector's agreed rates with their contractors were commercially sensitive, so it wouldn't be reasonable to expect them to disclose a full breakdown.

Mr M didn't agree with the Investigator's findings. He provided a lengthy and detailed reply, the main points of which were:

- He disagreed with any implication that he had fewer rights under the insurance policy

as a leaseholder.
- He said the Investigator hadn't given equal weight to his submissions which left him at a disadvantage.
- He maintained there were inconsistencies between the scopes of works shared by Protector's contractors at different times.
- He said some items which were included were never carried out or were unnecessary.
- He said it was unfair and unreasonable for Protector not to disclose a detailed breakdown of the total claim cost and instead provide a rounded total.
- He raised concerns over Protector and their preferred contractors and said this could lead to inflated claim costs across the sector.
- He disagreed that Protector's contractor rates should be withheld as commercially sensitive and said this prevented property scrutiny of what was being charged.

Mr M asked for an Ombudsman to consider the complaint – so, it's been passed to me to decide.

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've reached the same overall conclusion as the Investigator, and I do not uphold this complaint.

I want to start by explaining that I've intentionally summarised Mr M's complaint in a lot less detail than he's presented it, and I won't comment on every point raised. Instead, I've focussed on what I consider to be the key points that I need to think about in order to reach a fair and reasonable conclusion overall. This reflects the informal nature of this Service and our key function; to resolve disputes quickly, and with minimum formality. However, I want to assure both parties I've read and considered everything provided.

The key points I consider to be relevant in addressing this complaint are Mr M's rights under the policy, how Protector handled the claim and Mr M's subsequent requests for information, as well as Protector's choice of preferred contractors and their rates. I appreciate Mr M has raised other concerns over the wider insurance market as well as how his local authority purchases insurance, but these issues are outside the scope of what I can consider in this specific complaint.

The first issue I need to address is whether Mr M is a policyholder or beneficiary of the policy with Protector. The policy schedule and accompanying "Summary of Cover" document says:

> *"Policyholder: Local authority and Leaseholders (for their respective rights and interests)…"*
>
> *"Insured premises: Any residential property in where the Local Authority has sold a leasehold or shared ownership interest and which we have accepted the risk. The terms of the policy apply separately to each property as though each had been insured by a separate policy".*

I'm satisfied that this wording demonstrates leaseholders in the block are not just beneficiaries under the policy with Protector, but are co-policyholders in respect of their individual flats. In practice, the policy is taken out by the local council on a block basis, but

each leaseholder's interest is directly insured and forms part of the contractual risk Protector has undertaken when the policy incepted.

However, being a co-policyholder doesn't mean Mr M would be entitled to access every aspect of Protector's internal commercial arrangements. So, I've gone on to consider what information I think Protector could have reasonably provided to Mr M as well as whether I think their handling of the claim was fair.

In respect of the claim itself, Mr M's main complaint points concern his belief that the scope of works and claims quantum were exaggerated, and he says he wasn't provided with sufficient transparency in order to verify the total costs. Mr M outlined that, because the local council recovers the cost of the premium from the leaseholders via their service charge, he would be entitled to be told what the total cost of the claim was once works were completed. Instead, Protector provided him with a rounded claim figure, rather than full itemised cost breakdown. They said this was because the rates their contractors charge is commercially sensitive information.

In my view, an insurer is not required to provide specific contractual rates they use, and I agree they would be considered commercially sensitive. However, where a policyholder raises valid concerns over whether the works being billed for relate to the insured damage, I would consider it good industry practice for an insurer to act openly and explain, in broad terms, how the claim was calculated and what work was carried out. Here, Protector provided a rounded claim cost, as well as confirming the works were completed and that a 12-month guarantee applied to them. They also provided copies of the schedule of works. I appreciate Mr M's frustration that the costings themselves weren't broken down further, but I'm not persuaded Protector acted unreasonably in relying on the agreed rate structure they have with their contractor network.

The correspondence I've considered as part of this complaint shows that Mr M repeatedly sought clarification about the works carried out as part of the claim between July 2024 to December 2024. His requests were in relation to listed items such as towel rails, joinery and mirror replacements that he says were never touched, as well as charging for parking when he says there was free parking on site. Protector acknowledged Mr M's concerns and said they had passed these issues over to their contractors to respond to directly as well.

I've considered the scope of works provided, but I'm not persuaded it can be demonstrated the claim amount was inflated or that Protector acted unfairly. The scope of works documentation I've seen suggests the works were completed and are broadly consistent with a modest domestic repair for an escape of water. Protector also confirmed that certain items Mr M queried, such as parking, had been removed. Overall, the total claim cost doesn't appear to me to be unreasonable for the works described.

Conclusion

Overall, I think Protector handled the claim competently and completed the repairs within a reasonable timeframe, including confirming that the repairs were guaranteed for 12 months. That said, I do think Protector could have communicated more clearly at times. Their brief explanations clearly left Mr M feeling that information was being withheld. For a policy of this type, where multiple leaseholders contribute to the cost of the insurance policy, I think it would be good industry practice for insurers to be open and reassuring about how claims are being handled.

However, even if they had provided a specific figure for the claim costs, I don't think this would have materially changed the outcome. Ultimately, Protector did provide information that I think was largely fair and accurate. And I think Mr M's wider concerns relate more to

how block policies and leaseholder premiums are managed generally, rather than to any specific failing by Protector in this claim. As such, I don't consider it necessary to award compensation in these circumstances, as I don't consider that Protector's actions amount to an unfair handling of the claim itself.

My final decision

For the reasons I've given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M and Mr M to accept or reject my decision before 25 November 2025.

Stephen Howard
Ombudsman