DRN-5773154

The complaint

Mr and Mrs D complain that FAIRMEAD INSURANCE LIMITED (FIL) has unfairly delayed the progress of a claim made for subsidence to their property.

As a result of the delays added with the handling of this claim and its settlement, they feel they've suffered a financial loss, when their mortgage application was declined and had to be made later. With changes in interest rates and lending fees, this resulted in them paying more for the mortgage over the equivalent period.

What happened

The background to this complaint is well known to both sides, so I'll focus on what is relevant to the matter outstanding.

FIL has accepted there was delays with the handling of the claim and with its response to the concerns raised about this. It paid Mr and Mrs D £1000 to recognise these failings when it provided its response.

Our investigator felt this was fair and it didn't need to go further and cover the losses Mr and Mrs D said they've suffered because of the delay. They didn't think it had been demonstrated that but for the delays, Mr and Mrs D would have secured the lending they said they would for their mortgage. And in the absence of this, it wasn't fair to ask FIL to pay the difference in the rate Mr and Mrs D said they would have had on their mortgage, against what they are paying after the application was made later.

Mr and Mrs D disagreed with our investigator and provided information from the lender which they felt showed the reason for the application being declined was because of the delays with the repair works to their property starting. Our investigator said their opinion remained unchanged and the case was referred for decision.

I issued a provisional decision on this complaint on 1 August 2025. I set out that I was persuaded the delays on this complaint had financially impacted Mr and Mrs D. I was satisfied that but for the delays, it was likely a start date for the repairs could have been provided sooner and Mr and Mrs D would have been able to secure a more favourable rate with their borrowing. A copy of my provisional findings are included below:

I'm planning on upholding this complaint and asking FIL to cover the loss Mr and Mrs D say they've incurred as a result of the delays with the handling of their claim.

It isn't disputed that there has been delays with the claim journey and this has been addressed by FIL over two complaints brought to it. I agree that the compensation paid for the distress and inconvenience is fair and reasonable. Mr and Mrs D have accepted this, so I've only focused on what is relevant to the matter now in dispute and whether I feel delays have resulted in Mr and Mrs D losing out.

Mr and Mrs D made an application with Lender A in September 2022 for a remortgage of their property. The application was not accepted because of the value placed on the property *due to the subsidence work and there being no start date to the remedial work.*

I've reviewed the information provided from Lender A via Mr and Mrs D and I am satisfied that, but for there being a start date in place for the remedial works for the subsidence damage, the lending would have been approved. This was for a five-year fixed rate period with borrowing at a rate of 3.73% and a loan value of £125,000. With 60 monthly payments of £795.14. It also had a £250 cash incentive which would have been paid to Mr and Mrs D when the mortgage started.

The question is, was the start date for the repair works delayed with avoidable delays, or was this something that would have always been started at a later date.

A response was issued to the complaint about the progress of the claim in August 2022 and at this point, FIL explained the loss adjuster had advised at the start of May 2022 that the proposals for the stabilisation work had been received and instruction was provided for the scheme to progress on this basis. It later transpired that the claim hadn't been progressed as indicated at this point. It wasn't until August that the claim was passed to the relevant department to authorise the works and during this time, further damage was noted at the property. This resulted in a delay to the repair works and its schedule being agreed and started.

FIL and the appointed claim handler were made aware of the issues with the start date for the repair works not being in place and how this was impacting the mortgage application. Efforts were made to support with this and information was sent to the lender on behalf of Mr and Mrs D, but FIL was not able to confirm the start date for the works which was needed.

I can't see any reason why, when at the start of May 2022, the proposal for the repair scheme to the property was not passed to the relevant department and dealt with by FIL. When considering the impact this could be said to have on the claim and the overall timeframe, I think it's fair to say this had a direct impact on the start date for the repair works being agreed. And while things can and do change with claims of this nature and the work needed, a delay of almost four months was added here.

The application for the mortgage was made at the end of September 2022 with Lender A and it was discussing what was needed in October 2022. I think had there been no delay between May and August with the proposal for the works being provided, a start date could have been provided at this point, especially when considering the time it took for this to be agreed once the claim was being progressed with the right department.

With lender A confirming it needed a start date only for the works to be commenced, for it to reinstate the property value and allow the mortgage to go through, I think the delays with the claim handling have had a direct impact on this and resulted in a financial loss to Mr and Mrs D.

Mr and Mrs D have said their new mortgage is at a rate of 4.96% for the same level of borrowing of £125,000 over a five-year fixed period and had a product fee of £995 to be paid. They say the additional cost of this monthly repayment is £65.24 and this, multiplied by 60 months equates to an additional cost of £3914.40

Mr and Mrs D have said their total loss is the sum of the additional monthly payment costs, the product fee added to this mortgage and lost cash incentive of £250 – totalling £5,159.40. I think it is fair and reasonable that FIL covers the costs as set out by Mr and Mrs D. They have been paying more each month for their mortgage than they would have, had the start date for the repair works been confirmed sooner. This was delayed by an avoidable delay and it is fair this is covered by FIL.

To put things right, I plan on directing FIL to cover the cost as set out by Mr and Mrs D.

Mr and Mrs D accepted the outcome set out and the provisional decision.

FIL did not accept the outcome set out. It said it accepted the communication during the period the loss adjuster was involved was not as good as it could have been and there was some delays on the file during the consultation period. But it said due to 2022 being a Surge year during the summer, meant the exact scheme suitable to stabilise the property needed increased consideration.

It said the following in relation to this:

"In addition, any scheme put in place could not have started until we had exhausted the above average summer downward movement (Surge period) and allowed a period of soil recovery over the wetter winter months, placing the property and any scheme in the best possible position for future success."

So, it didn't think it was feasible to have provided a start date by October 2022 for the final scheme as this could not have been secured until early in 2023.

As a result, the complaint has been passed back to me for consideration.

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.

I've decided to uphold this complaint, for much the same reasons as I set out in my provisional decision. I appreciate FIL will be disappointed by this, but I'll explain why I am not persuaded to depart from my provisional decision.

FIL has focused on the fact that the summer of 2022 was a Surge year. This is something referenced once within the claim notes and emails. In early September 2022, the loss adjuster in an email to the claims handler, highlights the impact this will have on availability to deal with work in progress in a timely manner. No reference was made to additional time being needed to allow for soil recovery to take place or that the Surge year would mean a start date for the works could not be agreed sooner.

On 9 September 2022, the loss adjuster contacted the engineers to ask for a design alteration with the removal of the Geobear product which had previously been included. The reason given was the failure rate of these schemes. Again, no reference to the Surge year was made, or that alterations were needed because of this. This was sent ahead of the email sent by the loss adjuster to the claims handler.

I accept, following the summer of 2022, claims numbers likely increased and this will have meant timeframes could be impacted. But I think this supports the fact that the impact of delays with the claim handling earlier and that this will have had a detrimental impact on Mr and Mrs D. Had it been progressed sooner, the works could have been agreed with a start date offered. This wasn't confirmed until January 2023 and even when this was agreed, no reference was made to time being allowed for soil recovery as the reason why the scheme was being put in place as suggested. So, I am not persuaded the Surge year would always have stopped a repair scheme being agreed sooner.

After FIL accepted the delays with the claim handling between May 2022 and August 2022, a new claim handler was appointed and by January 2023, a start date for the repair works was agreed for February 2023. I don't think the reasons put forward by FIL are consistent with what happened and what was discussed between August 2022 and January 2023. And I think it is likely that, but for delays in the process prior to this, Mr and Mrs D would have been able to provide their mortgage lender with a start date for the repair scheme sooner. And I don't think it is unreasonable to say this could have been up to four months earlier. This means it could have been provided by October 2022 when it was needed and Mr and Mrs D have lost out as a result.

Mr and Mrs D have said their total loss is the sum of the additional monthly payment costs, the product fee added to this mortgage and the lost cash incentive of £250 – totalling £5,159.40.

I think it is fair and reasonable that FIL covers the costs as set out by Mr and Mrs D. They have been paying more each month for their mortgage than they would have, had the start date for the repair works been confirmed sooner. This was delayed by avoidable delays and I think it is more likely than not, that Mr and Mrs D have suffered this consequential loss because of the delays added.

Putting things right

For the reasons I've set out above, FIL should pay Mr and Mrs D £5,195.40 in recognition of the consequential loss incurred with the delays in the handling of this claim.

My final decision

I uphold Mr and Mrs D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D and Mr D to accept or reject my decision before 24 September 2025.

Thomas Brissenden
Ombudsman