

The complaint

Mr L and Mrs K have complained about their home insurer INTACT INSURANCE UK LIMITED, regarding a claim they made when their home suffered subsidence in 2022.

It is mainly Mr L who has dealt with the claim and complaint. For ease of reading, I'll refer mainly to Mr L only in the body of my decision.

What happened

In late spring 2022 Mr L noted an issue with his front door. Having had it fixed and taken some advice, Mr L made a claim to Intact for subsidence. It sent a loss adjuster to the property and various investigations were organised. It was felt necessary for certain trees owned by a third-party to be removed. In late 2022 one of the trees was removed but others were only pollarded. In late 2023 agreement with the trees' owner was reached for an Olive tree, sited closest to the property, to be removed.

The property had been being monitored and Mr L was concerned that damage, at times, seemed to reoccur. As such, in the latter half of 2023, with some trees remaining in place, Intact was reviewing whether to install a root barrier, or perhaps underpin the property. But it was confirmed that a root barrier could not be installed with the Olive tree still in place.

Once confirmation was received that the Olive tree would be removed, costs for reinstating the property were considered. As was a quote Mr L had provided for his chosen company to install a root barrier. However, it was also felt that further monitoring was required. Whilst that monitoring was underway, in May 2024, an offer to cash settle the claim for just in excess of £100,000 was put to Mr L. In June 2024, whilst Mr L was waiting for further advice as to when any payment might be made, further movement was noticed. Intact decided a further site visit and review would be required – noting the adjuster who had made the offer in May had left without leaving proper detail as to the reasoning behind or anything to explain what the scope of the offer was.

Mr L, understandably, was frustrated. He made a complaint and said he wouldn't agree to a further site visit until his complaint was answered. Intact issued a final response letter (FRL) on his complaint in October 2024. It accepted there had been some delays caused by it and poor service. It said it would pay £850 compensation.

Around the time of the October FRL, an updated quote for a root barrier had been obtained by Intact's loss adjuster. In December 2024 a site visit was arranged for January 2025. Mr L though, remained unhappy and he made a further complaint. Intact, in an FRL of February 2025, apologised for further delays and poor service which had occurred since its FRL of October and said that it would pay £550 compensation for upset caused. It acknowledged some causative trees were still in place and said the loss adjuster was completing further investigations regarding the root barrier.

Mr L approached the Financial Ombudsman Service to consider his complaint. In doing so he explained that he'd incurred financial losses due to Intact's delays and poor handling of

the subsidence claim. He explained planning permission gained in 2022 for an extension, lapsed in 2025 – there'd be costs to resubmit it and building costs had gone up too.

Our Investigator considered the claim detail. She thought Intact had caused delays but she felt the total compensation it had put forward of £1,400 was fair and reasonable to make up for the upset caused. And, regarding the reported financial loss, she wasn't persuaded that, if those delays had been avoided, Mr L would have been able to use the planning permission to progress the extension.

Mr L disagreed. He replied at length and had a solicitor provide a response. He provided a new report from a surveyor which he thought showed a root barrier was and always had been necessary. He argued that if that had been progressed, as planned in 2023, or if the proffered cash settlement had been paid in good time in 2024, the extension could have been progressed before permission expired in February 2025.

Our Investigator, considering all the arguments and points raised, wasn't persuaded to change her view. But she also explained that whilst she was aware that, subsequent to the February 2025 FRL, Intact had made a decision on the root barrier – which Mr L did not agree with – she couldn't consider that as part of this complaint. Which meant she couldn't take the new report, which considered the current stability and reinstatement plans for the property, into account either.

The complaint was referred 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.

Having done so, it is clear to me that this claim has not been handled very well and many avoidable delays have been caused by Intact. It's important I think, at the outset, to make it clear that my view is that Intact failed Mrs K and Mr L in its handling of this claim. I absolutely accept they've been caused upset, including immense frustration because of Intact's failings. And I think it's fair to say that Intact accepts that too. My role then is to decide what is necessary to put things right. In doing that, whilst I've included a fair amount of detail in my background above, I won't cover off every wrongdoing and failure in my findings below, nor even every key claim action. But I can assure both parties I have taken account of everything that's happened and all of the arguments they've made.

Just before I move on to the claim and upset caused, on the note of arguments made, I see Mr L's solicitor has raised various legal points and legislation. As an informal Service we take legislation into account but we won't always reference it directly. I note a point made by the solicitor is that certain legislation requires fairness. My role is to determine fair and reasonable outcomes, so I won't need to refer directly to legislation to achieve that. If a formal legal assessment and determination is required – the courts would be best placed to provide that.

Turning to the claim, I think, in 2022, it was handled well to start with. And I note that trees owned by a third-party were identified as likely causing the subsidence – which meant that little could be done regarding restoring the property until they were removed and stability had been assured. The owner of the trees agreed to have one removed and the rest reduced in size, and that happened in late 2022. Whilst that didn't meet the expert arborist's recommendations, that was all the owner was prepared to do at that point and it meant the property then needed to be monitored to see if the tree works had resolved the movement.

I can see that as 2023 moved on, and with some of the causative trees still in place, Intact reviewed the options for ensuring stability. I think that was fair of it. And I'm satisfied that it doing so did not bind it to implementing them. Especially not when, in late 2023, the Olive tree was removed.

I appreciate that Mr L was expecting things to move on swiftly once that tree was removed. He'd been told the root barrier couldn't progress with it in place. So I understand it was disappointing for him, with that having been done, for Intact to suddenly review the claim records and decide such a barrier wasn't needed after all. For clarity here, I'll add that that was a decision it took based on the readings available at that time. The claim had been referred for senior consideration and I think a reasonable decision at that point was taken. But I think Intact should have managed Mr L's expectations much better to this point. If it had this 'change' would not have come across as such a complete turnaround, and Mr L would not have felt so frustrated and let down.

Further errors by Intact then occurred when a cash settlement offer was put forward by a loss adjuster without proper authorisation being sought nor any records being kept of how the sum offered had been quantified. I accept that this caused Mr L a lot of frustration when he was told the matter needed review and a further site visit was required. Mr L, when the site visit was requested, wasn't inclined to let it go ahead until Intact had answered his complaint. I can see why Mr L felt the complaint needed answering first – but the complaint was never likely to have meant the visit wasn't needed. At this point I think Mr L caused a delay to the claim – but for Mr L's reluctance to allow the site visit to go ahead, it could have happened in June 2024, instead it was October 2024 when the complaint was answered (with Mr L having said that had to happen before he was prepared to let the visit go ahead).

Intact then caused more delays, it was only in December that it sought to arrange the visit. I'm not sure why this wasn't progressed with urgency once its October FRL had been issued. If it had, it could have happened in November 2024, leaving time for any reports to be considered by the end of the year.

But, for Mr L, a condensed timeline as I've suggested above, likely wouldn't have helped with his planning permission which was expiring in February 2025. If Intact had, as I've suggested it likely should have done, reviewed any necessary reports by the end of 2024, that wouldn't have left much time before the planning permission expired in February 2025. And once Intact had reviewed everything, it would then have been necessary for it to tell Mr L its intended claim outcome, putting any offer to him for settling the matter, in cash if appropriate. Mr L would then have needed to consider that and, if he was happy with it, obtain the settlement and get the insured works organised, before moving onto organising and implementing the extension works. I'm not convinced all of that could have happened in the month or so before the planning permission expired.

Nor am I persuaded that would have happened even if an agreement regarding a root barrier had been expedited in summer 2024 when the possibility of further movement was first noticed. After all, a property having suffered subsidence, and which has had stabilisation works undertaken, often requires monitoring, to be sure movement has ceased, before reinstatement works can be done. Like our Investigator, I'm simply not convinced that could all have been achieved before the planning permission expired. Which means, like our Investigator, I'm not persuaded that the planning permission expiring before Mr L could make use of it to build his planned extension, was a consequence of Intact's failure to reasonably manage the subsidence claim. So I'm not going to make any award in this respect.

I know Mr L would have liked me to order Intact to honour the cash settlement offer put forward in May 2024. However, whilst I know it was frustrating for Mr L for this offer to be put

forward and then be revoked, Mr L did not act on that offer, such as to contract with traders to progress the works. And, within a relatively short period, Mr L was told the settlement needed reviewing and that a site visit was required to do that. In my view Intact's failure in this respect is reasonably dealt with by payment of compensation.

On the point of compensation, Intact, as I explained at the start, clearly failed Mr L. I think its action in 2024, with the offer and then it not moving things on later in the year, caused a lot of worry, frustration and inconvenience for Mrs K and Mr L. But it is not for me to punish Intact for its failings. Nor is it for me to require it to do something to change its processes. Rather it is for me to consider what fair and reasonable compensation is required to make up for the upset caused. And to do that I must take account of our guidance on such awards. Intact has paid a total of £1,400 compensation. I make awards in that region where delays and upset have been caused to a policyholder over the course of about a year. I'm satisfied that is what happened here, so I find the compensation it has already paid is fair and reasonable. As such I won't require it pay anything more.

I note Mr L has referenced a period of 30 months (two and a half years) in his complaint to this Service. Whilst I recognise that this claim had been ongoing for about that time when the complaint was first referred to this Service, I'm satisfied that the total period of avoidable delay caused by Intact, to the point of its February 2025 FRL is around a year. Undoubtedly Mr L put far more into resolving this claim than he would have done had Intact handled it in a reasonably competent manner. And I can assure Mr L that I've taken that into account when determining that £1,400 is fair compensation.

I see Mr L has asked for interest to be awarded on the compensation sum, applied from the date the claim should have been settled. This Service, where financial costs are awarded, will often require an insurer to add interest. That is to make up for the fact that the financial sum awarded should have been paid sooner. But we don't usually award interest on sums awarded to compensate for non-financial losses such as distress and inconvenience. Awarding interest on a payment for non-financial loss is, effectively, increasing the compensation award – and that would then become a punitive measure. I'm not going to require Intact to pay interest on its compensation sums (totalling £1,400) (and which have already been paid).

Similarly – Mr L has asked that Intact is made to waive the excess applicable to this claim. Our Investigator explained that the excess is reasonably required under the policy. So a direction to waive it would equate to Intact providing compensation. As £1,400 is, in my view, a fair and reasonable sum of compensation, requiring it to also waive the policy excess would, effectively, increase the compensation award. The award, overall, would then not be fair. So I'm not going to require Intact to waive the excess.

Mr L has also asked for Intact to be investigated regarding potential systemic failures. That is not the role of this Service. We are an independent dispute resolution service, focussing on resolving the individual complaints referred to us. Investigating systemic failures is more the role of the regulator.

I understand that since issuing its FRL in February 2025 – in which it said "Further investigation is being carried out by [the loss adjuster] in relation to the tree root barrier and I have requested they provide you with an update" – Intact has decided a root barrier is not required. That is a new decision by it, albeit that it has made this same decision before at different times during the claim. Whilst I've considered what Intact did, including the decisions it made, prior to February 2025, I can't take into account decisions it made after that time. I appreciate that will be frustrating for Mr L but I am satisfied that this 'new' decision is a new event which, to be considered by this Service, will require a further complaint to be lodged. With Intact in the first instance.

My final decision

It is my decision that INTACT INSURANCE UK LIMITED failed Mrs K and Mr L, in its handling of their subsidence claim. However, for the reasons stated above, I'm not making any award against it or requiring it to do anything more to put matters right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K and Mr L to accept or reject my decision before 12 November 2025.

Fiona Robinson
Ombudsman