

The complaint

Mr D complains that INTACT INSURANCE UK LIMITED, has treated him unfairly when a claim was made for damage to his rental property. This was following an escape of water which caused damage to the flooring.

Mr D feels INTACT delayed the progress of the claim and has acted unfairly when offering to settle the claim, only once the work is completed. Mr D doesn't think this is a fair way to cash settle the claim when INTACT isn't completing the work itself.

What happened

Mr D contacted INTACT in late May 2024 to raise a claim for the escape of water damage to his property, this was following an incident in March 2024.

Mr D provided quotes for the cost of the repair works and it was explained the builder required the property to be vacant for 2 weeks to complete the works. Due to the cost of the claim, a loss adjuster was appointed by INTACT and a site visit took place in July 2024. INTACT asked for more information to understand why the floor needed replacing and why a repair wasn't an option and it wanted a specialist report to confirm this.

In August, Mr D provided a new quote for the repair works, this quote was more expensive than the previous, with the builder allowing for extra time to work around the tenant, removing the need for them to vacate the property. INTACT asked for a report on why the floor needed replacing and said this was still needed. Mr D complained about needing to find a report and the potential cost of this. In early September, INTACT contacted one of the floor companies directly and it agreed to cover the cost of the replacement floor.

INTACT made an initial offer to settle the claim at the cost of the first quote provided. This was the lower of the two costs and Mr D explained this was obtained some months earlier and the tenants would need to vacate while the work was completed. He asked if this would be covered by INTACT.

There was a dispute over the total amount of the claim and INTACT said it needed permission from the policy holder to make payment to Mr D directly. Although he was a beneficiary of the policy, the policy itself was in the name of the building management company.

Mr D raised a formal complaint in November 2024 and INTACT provided a final response on 18 December. It apologised for delays in the claim and its progress with issues identified at the outset with the time taken to visit the property and later, when it failed to ask for a second quote. To recognise the impact of this, it offered to pay Mr D £600. But it said it still needed to seek authority from the policyholder to make payment and continued to seek this permission.

With the claim, it said it was prepared to proceed with the highest quotation provided by Mr D for the work to be completed at £13,230. It also said, if Mr D didn't want to proceed with the work being completed, it could pay £11,365 as a cash settlement to Mr D and he could

complete the works at a later stage. It asked that Mr D liaise with the claim handler to confirm the preferred option.

Mr D said after this, on 19 December 2024, he had a call with the complaint handler and an offer was made to provide a cash settlement to him of £13,230. He accepted this but hasn't received the payment and this offer has been withdrawn with INTACT reverting to the offer set out in the final response only. Mr D is also unhappy that INTACT has not compensated him for loss of rent. He said the damage to the property meant, he was unable to increase the rent as he had planned and this is a consequential loss associated with the claim.

Our investigator looked at this complaint and felt the offer made by INTACT to put things right was fair and reasonable. They also felt the offer to pay the cost of the reinstatement works at the higher price was fair with Mr D having the option to accept a lower cash settlement if this wasn't accepted.

Mr D didn't accept the outcome. He questioned why the call from 19 December had not been referenced as the offer from the final response, endorsed as fair by our investigator, placed him in a worse position. He didn't think it was fair to be expected to arrange a builder directly for the repairs, without the funds to pay this being provided upfront. With INTACT not using its own contractor, it was in effect making a cash settlement for the work. So, he felt the money should be paid directly.

Our investigators opinion remained unchanged. They said the phone call from the 19 December was not available to listen to and comment on. There was no other reference to another offer being made after the final response was issued and the outcome is focused on whether, what happened up until the final response, was fair. They continued to believe it was and the complaint was referred for 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.

I'm not upholding this complaint, for much the same reasons as our investigator. I know Mr D will be disappointed as this may not go as far as he hopes, but I'll explain why I've made this decision.

Distress and inconvenience

There is always a level of inconvenience when a claim is made as the claimant needs to work with the insured to progress the claim. Mr D feels there was additional inconvenience added when INTACT needed to seek permission from the buildings managing agent company and with the general handling of this claim.

INTACT accepted this could have been requested sooner, but it is not unreasonable that its permission was sought. Although Mr D has the benefit of the policy which covers the entire block of flats, it is not in his name and it is right that INTACT requested this permission.

There was delays in INTACT visiting Mr D's property and I think it could have done more with its site visit and investigation to determine whether the floor needed a full replacement sooner. This would have avoided questions to Mr D about obtaining reports and reduced the inconvenience here. But I think the award to recognise this and the delay in it making the visit in the first place is fair and in line with our awards.

When considering an award for distress and inconvenience, I think about the awards we

generally make and the circumstance of each complaint. Here Mr D, as the landlord has needed to chase INTACT for it to progress the claim and he was asked to provide more information to support the work needed. This could have been avoided and added inconvenience. The repair not being completed, has had an impact on Mr D as well as the tenant. The tenant has lived in a property with a damaged floor for longer than they could have, while Mr D has had the inconvenience I've set out.

However, the award is only made to compensate Mr D and I am satisfied £600 is fair to recognise the impact on him. Any consequential loss and concerns about this are dealt with separately.

Claim settlement

Mr D has said the offer to settle the claim was varied after the final response, with a call made by the complaint handler the day later. We've asked INTACT for a copy of this call, as although after the date of the final response, understanding what was said would be helpful. This isn't available and the contact notes do not demonstrate a call was made at this time. So, I cannot confirm whether there was a change and my focus is on whether, when the final response was issued, did INTACT do what it should have.

The offer made in the final response was an either/or option. Mr D was given the option to either have the work completed now and INTACT would cover the cost of this, based on the quote presented. Or, if he decided not to complete the works now, a lower cash award could be made without the expectation that this was going to be used to complete the repairs now.

Mr D has said that in effect, both offers made by INTACT here are cash settlement offers as neither presents an option for it to complete the works directly. I agree this is the case, but there is a difference in the offers which is in line with what I'd expect between a cash offer and an offer to reinstate.

Normally, when a business can complete a repair, it can do so at a lower cost compared to the cost available to the individual. This is because they have access to a network of repairers and the ability to purchase materials in bulk. However, this isn't the reason provided by INTACT to explain why its cash offer is lower than the quoted price for repair. It has relied on the two quotes provided by Mr D and made an offer in the middle of these.

The policy wording says the following in relation to this:

"When we can offer a repair or replacement through our preferred supplier, but on request, we agree to pay our customer a cash settlement, then payment will normally not exceed the amount we would have paid our preferred supplier"

When this claim was made, Mr D presented the first quote he had which was obtained in April 2024. Mr D was looking for INTACT to cover the cost of the claim and settle based on the quote presented. So, he was requesting a cash settlement. INTACT hasn't ever looked to see what the cost of the repairs would be if it completed these directly and so it hasn't made an offer to settle for cash based on this.

Instead, its considered the two quotes provided for the work by Mr D and made an offer which I think is fair and reasonable based on this.

It has offered to pay the higher of the quotes, on receipt of invoice for the works being completed. This provides Mr D the option to use his preferred contractor and have the work completed without the tenant needing to move out. The two quotes provided show that in the absence of INTACT using its own contractor, the cheapest it could have had the works completed for, was the first quote at £9500. Instead of basing the cash offer on this figure, it has increased it quite considerably and it follows that I think this is a fair offer.

Mr D has complained that the higher offer to pay the quotation on receipt of invoice places him in a difficult position as he cannot afford to pay this upfront and he feels the builder will want to be paid ahead of the work. These are post offer concerns and not something I've seen INTACT has had the chance to comment on. When the offer was made, Mr D was directed to work with the claim handler and if he feels payment needs to be made directly to the builder and whether this is needed ahead of the work being completed, this is something he will need to discuss with it.

Overall, I think the offer made by INTACT to settle this claim is fair and reasonable and I don't see any reason to ask it to depart from this.

Loss of rent

Mr D has said he lost the opportunity to increase the rent on his property. The damage to the floor meant he didn't think it was fair to apply a rent increase when the property was not in a great state of repair.

Our investigator highlighted the planned date to increase the rent was the 1 November 2024 and the FRL letter was issued on 18 December 2024. So, they felt there was only a short period of time where it could be said there was a loss of opportunity. And there was no indication Mr D had reduced the rent previously because of the condition of the property. So, they weren't persuaded Mr D didn't have the option to increase this if he wanted to.

I appreciate that Mr D may have felt like he couldn't increase the rent on his property when the claim was ongoing and the damage not repaired. However, I've not seen anything to demonstrate any correspondence with the tenant to confirm his intention to increase this once the repair was completed. And it is not guaranteed that the increase would have been accepted, with the tenant having the option to give notice if this was the case. It follows that I don't think it can be demonstrated that Mr D has lost out on the increase in rent as a result of the damage.

Overall, I think the offer made by INTACT to settle this claim is fair and reasonable. It provides Mr D the option to have the work completed at the cost to him, without the need to remove the tenant. Or he can choose to take a cash settlement at a lower rate and complete the works at a later date.

Mr D has provided an updated quote for the repair works as the costs have now changed. He will need to send this to INTACT and confirm whether it accepts the increase. As I've set out, the offer it made at the time as fair and it will need to decide whether to accept the increase in the settlement amount now.

There was a delay when this claim was first raised and this has been acknowledged with INTACT accepting it could have visited the property sooner and avoided inconvenience when asking for information later than it should have. But the offer of £600 in recognition of this is in line with an award I'd have made for these issues. So, I see no reason to ask INTACT to do anything else now.

My final decision

For the reasons I've set out above, I don't uphold Mr D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 21 November 2025.

Thomas Brissenden
Ombudsman