

### **The complaint**

Miss S complains about how U K Insurance Limited trading as Privilege handled a claim made on her home insurance policy.

Reference to Privilege includes its agents.

Miss S has been represented throughout this complaint. For ease of reading, I'll refer only to her throughout this decision.

### **What happened**

Miss S held a home insurance policy with Privilege. She made a claim following an incident where the leg of her bath broke causing the bath to fall and break a pipe. In trying to isolate that leak, Miss S damaged another pipe.

Privilege accepted the claim and after initially dealing with it as one "accidental damage" claim, split the claim in two. Both these claims were reclassified as "escape of water" claims.

Miss S complains about the handling of those claims. She's said her partner had a health condition which meant staying at the property was bad for their health due to the presence of mould. And although Privilege paid her a disturbance allowance, she complained about its decision to stop paying that allowance.

Miss S also complained about not being told the qualifications of the contractors Privilege intended to use to carry out the inspection and reinstatement work. And she complained about not being sent a report carried out into the mould and its cause.

Miss S complained about delays and communication throughout the claim and complained that the settlement offered wasn't enough and was forced upon her and only accepted under duress.

In response, Privilege said it didn't need to give the qualifications of the contractors it proposed, and in any event, these weren't used by Miss S. It said it was fair in recoding two different claims, because there were two different events, the breaking of the bath and waste pipe, and the breaking of the pipe when trying to isolate that first leak. It said both claims were fairly classified as escape of water claims.

Privilege said the settlement it offered was fair for the damage attributable to the two incidents. It said further costs being claimed for were for rooms it wasn't allowed to see and can't see how damage to them relates to either escape of water.

Privilege said it stopped paying the disturbance allowance following a report which said there was no toxic mould in the property, meaning it was satisfied it was habitable.

For delays and communication issues, it offered £350.

Miss S remained unhappy and didn't think this was enough and brought her complaint to the Financial Ombudsman Service.

Our Investigator thought more compensation was due. He thought Privilege's settlement of the claim was reasonable and didn't think it had been forced upon Miss S. He thought the removal of the disturbance allowance was fair. And he thought Privilege's stance on the qualifications of its contractors was fair and reasonable in all the circumstances of the complaint. Our Investigator thought recording two escape of water claims was reasonable in the circumstances. But he didn't think £350 was enough compensation. He thought a report should have been sent to Miss S earlier and recommended Privilege send it. And he thought the delays and communication issues warranted a further £250 compensation.

Privilege accepted our Investigator's assessment – although it didn't send the report our Investigator recommended it send, our Investigator sent it to Miss S himself.

Miss S didn't accept. She thought our Investigator was essentially making Privilege's arguments for it in respect of the settlement. So the case has come 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'm coming to the same outcome reached by our Investigator, for broadly the same reasons.

It's worth noting here that in line with our Service's informal role, I'll not be commenting on every argument raised or every bit of evidence submitted. Instead I'll comment on what I consider to be key.

It's also worth noting that while Miss S has a representative on this complaint, that representative is themselves, not an eligible complainant. That means any impact, distress or inconvenience will be assessed from Miss S's perspective only. While I don't doubt the representative was caused some distress and inconvenience throughout this claim, that not something I have the power to require Privilege to compensate for.

#### *Two claims or one*

I'm satisfied Privilege recording this as two escape of water claims is reasonable. Both claims relate to an escape of water. And although one claim gave rise to the other, there was a clear intervening act – Miss S isolating the first leak – which led to the second claim.

#### *Qualifications of contractors*

I'm satisfied this information wasn't needed to be provided. And ultimately, the contractors at the centre of this dispute weren't ever engaged in work on this claim. So there's no loss caused to Miss S here.

#### *Removal of disturbance allowance*

Ultimately, I'm satisfied this was reasonable. Privilege received a report in June 2024 which explained the property contained no toxic mould and took this to mean that it was habitable. I think that was a reasonable stance to take. I know Miss S disagrees and has pointed to a letter from their GP. But it looks like this letter was based upon an earlier report from early 2024. There's no report after the one Privilege relied on when removing the disturbance allowance which states the property was uninhabitable due to the presence of mould. A later report of February 2025 clearly mentions mould, but there's no mention of it being toxic.

### *Cash settlement of claim*

Ultimately, I'm satisfied Privilege's settlement is reasonable. I'm satisfied it's shown that the amount outstanding relates to either rooms it's wasn't able to inspect and it feels aren't related to the two events leading to a claim, or they relate to increased costs from Miss S's choice of contractor, so the shortfall is the difference between that quote and what Privilege's contractor would have been able to carry out the work for.

I'm satisfied that's a reasonable stance to take. Again I note the presence of mould in Miss S's later report but this doesn't clearly link the mould to the events giving rise to the claim.

So, without further evidence, I'm satisfied Privilege's settlement of the claim is reasonable in the circumstances and covers the damage caused by the two events giving rise to the claims.

I understand Miss S isn't happy with this reason and thinks it wasn't raised by Privilege until our Investigator put it forward. But I'm satisfied the above is the reason Privilege is putting forward in relation to the settlement amount. And, as set out above, I'm satisfied it's reasonable.

### *Customer service throughout the claim*

Here, it's clear the level of service provided by Privilege fell below the standard Miss S could reasonably have expected. A claim of this nature is always likely to cause a degree of distress and inconvenience, but here, Privilege's actions unnecessarily contributed to that.

Privilege acknowledges as such and offered Miss S £350 compensation to acknowledge that.

Our Investigator recommended that be increased, to £600 total – so a further £250. I too am satisfied that's a reasonable amount of compensation for the issues Miss S experienced. There were delays in responding to correspondence and delays in progressing the claim too. This would have been frustrating for Miss S, and distressing and inconvenient too.

As set out above, I understand too Miss S's representative has been caused distress and inconvenience too, but I'm not able to recommend Privilege award for that, because that representative isn't an eligible complainant here.

### **My final decision**

For the reasons set out above, my final decision is that I uphold this complaint and require U K Insurance Limited trading as Privilege to

- Pay Miss S a total of £600 compensation – so, if it's already paid the £350 it offered, it need only pay a further £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 18 December 2025.

**Joe Thornley  
Ombudsman**