

The complaint

Miss B and Mr W complain about the way Accredited Insurance (Europe) Ltd (Accredited) handled the claim they made under their home insurance policy and the settlement it offered.

This complaint has been bought by both Miss B and Mr W, but as Mr W is the policyholder and for ease, I've referred to him throughout.

What happened

The circumstances of this complaint will be well known to both parties and so I've summarised events.

In May 2024 Mr W suffered a fire at his property and so reported a claim to Accredited under his home insurance policy. Accredited arranged for a surveyor to visit Mr W's property and for cleaning to be carried out. At the beginning of June 2024 Accredited offered Mr W a settlement for the repairs to his property. Mr W told Accredited he would review this, but he wasn't happy with the quality of cleaning carried out by Accredited's supplier. Mr W raised a complaint about the way his claim had been handled and the lack of communication he had been provided.

In the meantime, Accredited agreed the carpets in Mr W's property were beyond economical repair and so offered a settlement of around £2,900 for their replacement. This also included the cost of carpet tiles and underlay where appropriate. Mr W said he thought this settlement was too low. Accredited reviewed this and later agreed to increase the settlement to around £3,200. Mr W didn't agree this was reasonable.

On 31 July 2024 Accredited issued Mr W with a final response to his complaint. It said it acknowledged Mr W had raised concerns about the cleaning, but a further visit took place on 5 July 2024 which it understood Mr W was happy with. It said it was satisfied the settlement it had offered for carpets was fair and in line with its limit of liability. Mr W didn't think this was reasonable and so referred his complaint to this Service.

Following Mr W referring his complaint to this Service Accredited made an offer to resolve the complaint. It said it acknowledged there was a lack of communication on the claim and offered to pay Mr W £300 compensation.

Our investigator looked into things, and following discussions with both Mr W and Accredited she said:

- She didn't think the settlement Accredited had offered for replacement carpets was reasonable as it was based on rates from its own contractor which Mr W was unable to use. So, it should pay Mr W an increased settlement based on what it costs him to have the carpets, carpet tiles and underlay replaced.
- She thought Accredited caused unreasonable delays in offering a settlement to Mr W for the repairs to his property.

- She thought Accredited had provided poor communication throughout Mr W's claim and should have handled the clean of his property better.
- Accredited should pay Mr W a total of £800 compensation to acknowledge the distress and inconvenience it had caused.

Accredited accepted our investigator's view but Mr W didn't agree with all of it. He said he agreed with the investigator's view on the settlement of the carpet, but didn't think she had addressed Accredited's deliberate attempt to devalue this settlement. He also said he didn't think the investigator had considered Accredited's failure to call him before issuing a response to his complaint, and that the compensation wasn't sufficient for the distress and inconvenience caused.

As Mr W didn't agree with our investigator the complaint has 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.

I want to acknowledge I've summarised Mr W's complaint in less detail than he's presented it. I've not commented on every point he has raised. Instead, I've focussed on what I consider to be the key points I need to think about. I mean no discourtesy by this, but it simply reflects the informal nature of this Service. I assure Mr W and Accredited I've read and considered everything that's been provided. I've addressed the key points separately.

Settlement for carpets

The terms of Mr W's policy explain Accredited can decide how to settle a claim, and this includes paying a cash settlement. And in the circumstances of Mr W's claim I don't consider this to be unreasonable. However, I don't think the settlement Accredited have offered Mr W is reasonable and I'll explain why.

Accredited has said it was unable to instruct its own supplier to carry out the reinstatement of Mr W's carpets as they went into administration, so the only option available to Mr W was to receive a cash settlement. However, the settlement Accredited offered was based on its agreed rates with its supplier which are unlikely to be available to Mr W. So, a settlement based on these agreed rates won't indemnify Mr W.

Therefore, the settlement should be based on what it would cost Mr W to have the carpets, carpet tiles and underlay reinstated. So, if Mr W can provide Accredited with evidence of how much this will cost, Accredited should pay Mr W any additional settlement due. It should also pay 8% per year simple interest on this amount calculated from the date it paid Mr W the settlement for his carpets, to the date it pays the additional settlement due.

I acknowledge Mr W believes Accredited have deliberately attempted to reduce the settlement due to him. Ultimately, I'm satisfied the settlement Accredited offered Mr W wasn't reasonable in the circumstances and I've outlined what it needs to do to put things right. I've taken into consideration the distress and inconvenience this has caused later in this decision.

Claim handling

Given the circumstances of Mr W's claim, I think he would have always experienced some distress and inconvenience even if everything had gone smoothly. However, I think the way

Accredited have handled Mr W's claim has exacerbated the distress and inconvenience both he and Miss B experienced, particularly given Miss B's pregnancy.

Whilst I don't intend to list every error Accredited have made, I think it's beneficial to highlight some of the errors which I think would have caused Mr W and Miss B particular distress and unnecessary inconvenience. These include:

- Offering Mr W a settlement for the repairs to his property prior to completing the cleaning. Further repairs were subsequently identified meaning this settlement wouldn't have included all repairs necessary.
- Not carrying out the cleaning to an appropriate standard meaning further visits to the property were required. This also delayed Mr W being able to accept the settlement for repairs to his property as a further scope of works couldn't be carried out until the property was cleaned.
- Throwing items away without first discussing this with Mr W. Whilst these items were beyond economical repair and so would have always needed to have been thrown away, Mr W has highlighted the distress this caused.
- Not communicating with Mr W effectively throughout his claim, and not discussing the issues Mr W had highlighted prior to issuing its response to him.
- Offering Mr W an unreasonable settlement for the reinstatement of his carpets.

Taking everything into consideration, I think £800 compensation is reasonable to acknowledge the considerable distress and unnecessary inconvenience Mr W and Miss B were caused by Accredited's errors. I think compensation of this amount is reasonable in circumstances where a business's errors have caused substantial distress over a sustained period of time which I think is the case here.

My final decision

For the reasons I've outlined above I uphold Miss B and Mr W's complaint about Accredited Insurance (Europe) Ltd. I require it to:

- Pay an additional settlement to Miss B and Mr W to reflect the reasonable costs for them to replace their carpets, carpet tiles and underlay with those of the same specification to those being replaced.
- *Pay 8% per year simple interest on this amount calculated from the date it initially paid the settlement to Miss B and Mr W and the date it pays the additional settlement due.
- Pay Miss B and Mr W a total of £800 compensation.

*If Accredited Insurance (Europe) Ltd considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss B and Mr W how much it's taken off. It should also give Miss B and Mr W a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B and Mr W to accept or reject my decision before 22 October 2025.

Andrew Clarke
Ombudsman