

The complaint

Mr C complains that AmTrust Specialty Limited (“AmTrust”) has unfairly handled a claim made under his home insurance policy.

Any reference to Mr C or AmTrust includes the actions of any respective agents or representatives.

What happened

The background of this complaint is well known to all parties involved, as a result I’ll just provide a summary of events.

- In November 2023 Mr C took out an AmTrust insurance policy through a broker (Company A).
- In June 2024 Mr C’s home was damaged due to a leaking pipe. He made a claim on his AmTrust home insurance policy.
- AmTrust accepted the claim but said Mr C had been underinsured since the policy was taken out. Mr C’s policy had the insured sum for his property set at £100,000, and AmTrust said the actual rebuild cost was £197,400. As a result, AmTrust said it would only pay a proportion of the claim in line with the extent of the underinsurance (50.7%).
- AmTrust told Mr C if it had known of the actual rebuild cost all along, it would’ve charged him a greater premium, and it asked him to pay this uplift for the remainder of the year – which Mr C has said was £63. He said he believed this payment had meant the underinsurance issue had been resolved.
- Mr C appointed his own contractor to do the necessary works and he shared the details of this with AmTrust. Mr C has said AmTrust’s engagement with him on this point led him to believe the claim would be paid in full without any reduction. He said AmTrust’s decision led him to be without enough funds to pay his contractors who are now pursuing him for the funds. And Mr C complained to AmTrust.
- In November 2024 AmTrust provided a final response agreeing it had caused a delay in making a payment in October 2024, and it offered £50 compensation for this.
- In February 2025 AmTrust provided another final response, saying it stood by its decision to apply a proportionate settlement to the claim, and said it had made its claim settlement within a reasonable timescale.
- The complaint came to this Service and one of our Investigators upheld the case in part, saying:
 - She would only consider the actions of AmTrust, and not any matters related to the broker Mr C had used to take out the policy.
 - She was satisfied the evidence supported AmTrust had been clear in setting out what the sum insured should include – which was the full cost of reconstruction and not the property’s market value.

- AmTrust had provided persuasive evidence (using a recognised rebuild tool) to demonstrate the rebuild value was around £200,000.
 - So, she was satisfied its reduced settlement was fair in these circumstances.
 - AmTrust had told Mr C of the reduction in July 2024. And she'd seen nothing to support it had told Mr C it changed its position and would pay it in full.
 - AmTrust should increase its compensation offer to £150 to recognise delays in its handling and settlement of the claim.
- Mr C disagreed. He said the compensation offered was not sufficient, and he said a Court's interpretation of AmTrust's email would be different. AmTrust agreed to pay the increased compensation.

So, the matter has been passed to me for an Ombudsman's final 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, I'm upholding this complaint along the same lines as our Investigator. I'll explain why.

Before doing so, I want to acknowledge this policy was sold by Company A. This complaint concerns AmTrust (the insurer), and I want to be clear I will only be considering the actions and responsibilities of AmTrust within this decision. So, if there are any concerns about the sale of the policy or actions taken by Company A, this will need to be looked at separately.

Underinsurance settlement

When dealing with complaints like this, this Service will take into account legal principles related to the subject of misrepresentation. Taking those principles into account, to understand what remedy AmTrust would have in law, I need to consider a number of questions.

My starting point here is to consider what AmTrust wanted to know and what information it asked Company A, acting as a broker, to obtain. AmTrust has said the sum it wished to obtain was the full rebuild cost of the property. And it has said the statement of fact document sets this out and had been agreed terms between Company A and AmTrust. Under the heading "Buildings" and "Buildings Sum Insured" it says:

"This amount should include the garage and all outbuildings and represent the full cost of reconstruction in their present form plus an amount for demolition costs, architects' and surveyors' fees.

It is important your sum insured is enough to reinstate the buildings. If you make a claim and your sum insured is not enough, the amount we pay may be reduced."

I'm satisfied that AmTrust met its obligations to provide information to Company A in outlining what it wanted to obtain.

In turn I have to consider whether the answer that was input was reasonable. It's not in dispute that his policy was set up to cover a sum of £100,000. And AmTrust has provided me with evidence to support that this should've been a sum of closer to £200,000. Mr C has provided me with nothing to counter this or to explain what the sum of £100,000 was based

on, so I'm satisfied the answer that was given was not a reasonable one.

I've gone on to think about the impact of this mistake. AmTrust has provided me with evidence to support that it would've raised its premiums, and that Mr C had only paid 50.7% for the policy year that it would've charged had it been given a more accurate rebuild sum. In line with the principles I mentioned above, I'd be satisfied AmTrust would be able to reduce the claim by this percentage.

In this case, AmTrust has reached this same outcome, but for slightly different reasons. It has discussed applying an average approach taking into account the level of underinsurance. From what it's provided, this figure matches the sum I'd have expected AmTrust to reach taking into account the impact on premiums. As a result, I'm satisfied AmTrust's settlement in this case is a fair and reasonable one.

Claims handling

Mr C has put forward that AmTrust has treated him poorly, and that its unclear communication has led to him incurring debt that he's unable to pay.

So, I've looked at the available evidence. In July 2024 AmTrust's loss adjuster wrote to Mr C. Within this it outlined its position on the outcome of his claim, and said:

"Finally, it would appear that the Building Sum Insured of £100,000 is not adequate. Based on our calculations, the cost for rebuilding the home would be £197,400. This means that your cover is only 50.7% adequate, and under the terms and conditions of the policy, we would have to apply average to your claim settlement, whereby Insurers would only pay 50.7% of the claim costs for the works required."

I think this message is clear and outlines AmTrust had concerns about the underinsurance and the consequences of this. Mr C had receipt of this and I think it put him on notice that his claim settlement would be significantly impacted.

The policy was amended after the issue of the underinsurance came to light, and an additional premium was paid to cover from the period of 13 August until 14 November (three months). AmTrust has said this was to ensure Mr C was fully covered for the remainder of the policy.

Mr C has indicated in places that this matter would be resolved after he paid the additional premium. I think AmTrust's position on this covering future claims is logical – and in line with the legal principles I mentioned in the previous section. And to Mr C's point, it would be unclear to me why AmTrust would've agreed to pay thousands of pounds more than it needed to for his claims settlement on the condition Mr C agreed to pay a relatively small sum in additional premiums. And I've been given nothing to support AmTrust ever gave him that assurance to suggest this was the case.

I can see following this there was a back and forth between Mr C and agents of AmTrust. Mr C has placed great emphasis on an email chain between him and a particular agent.

In September 2025 Mr C emailed the agent to say he has a scope of work with a particular company for around £19,000. And he said: "So just to confirm as I have to sign the go ahead with [Company] today". The response from AmTrust's agent said:

*"Hello,
It will be less £120 for the plumbers invoice as the policy won't cover the cost of plumbing repairs. Also less £750 policy excess for escape of water claims."*

Due to the value of the works and the contractor requiring funds up front if you provide your bank details I will get it settled for you.”

Mr C says that AmTrust has, without qualification or mention of reduction, agreed to settle the full sum. But it strikes me that Mr C was already on notice he would've had this reduced settlement, and it makes sense that AmTrust was still engaging with him at this level of detail as it still had to validate the actual repair costs.

Mr C has seemingly put the onus solely on AmTrust to remind him of this reduction. But it had previously clearly told him it would take this action. It hadn't later told him the reduction had been waived or would be disappplied – so it didn't actively tell him it had changed its position. And I see no reason why Mr C didn't enquire about this point himself if he had a question in his mind whether it would still apply.

Mr C has said he believes a Court would find in his favour given the wording used by AmTrust. This Service is an alternative to the Court, and so I can't comment on what a Court would find. But based on the available evidence for the reasons I've given above, I'm not satisfied it would fair or reasonable to hold AmTrust accountable for costs Mr C agreed to that he has since said he couldn't afford.

Mr C also raised concerns about the delays in settlement of the claim. I've reviewed the details of the claim and I'm in agreement with our Investigator that there was a slight delay in October 2024, and a delay of just over a month between December and January 2025. In considering the impact of this, I've taken into account that Mr C has been clear he could not settle the full debt owed to his contractors (given the underinsurance). And overall, I'm satisfied the sum of £150 compensation overall is a fair and reasonable award taking into account all issues regarding handling in these circumstances.

My final decision

For the above reasons, I'm directing AmTrust Specialty Limited to pay Mr C £150 in compensation for the distress and inconvenience it has caused him. It can deduct from this any amount of compensation it has already paid in respect of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 7 January 2026.

Jack Baldry
Ombudsman