

The complaint

Mrs S's complaint is about the handling of an insurance claim under her shop insurance policy with MSIG Europe SE.

What happened

In September 2023, Mrs S contacted MSIG to notify it that there had been a water leak from the flat above her shop, which had caused damage to a treatment room in her shop and damaged some of her stock.

Mrs S says that the water leak had affected the electrical installation in her shop and meant she was no longer able to operate the salon. She made a claim under the policy with MSIG for business interruption losses and the damage to stock.

I understand MSIG has settled the claim for the damaged stock (in the sum of £1,278.16 less excess) but the business interruption claim is still open.

Mrs S is very unhappy with the progress of the claim. She first complained about the lack of progress in late 2023 and MSIG responded to that complaint on 22 December 2023. It said it had asked for further information to substantiate the claim and denied it had caused any delay.

However, Mrs S complained again in early 2025, as the business interruption claim has still not been resolved. Mrs S also said she had not been given a breakdown of the settlement in relation to the stock. Mrs S said the MSIG policy expired in April 2024 and she has not been able to get other insurance as a result of the open claim, so has not been able to operate her business since September 2023 to date.

MSIG issued a final response letter, in answer to this second complaint, in April 2025. MSIG said it found out there had been further leaks in February 2024 and March 2024 in the same place. MSIG also said that some information it had asked for, to substantiate the business interruption claim is still outstanding. MSIG also said it had given a breakdown of the settlement for the stock in October 2024.

Mrs S remained unhappy with MSIG's response, so referred the matter to us.

One of our Investigators looked into the matter. The Investigator considered that MSIG had made reasonable enquiries of Mrs S and information required to progress the claim is still outstanding. She did not think that MSIG was responsible for all the delays involved in resolving the claim, as she said there had been delays on Mrs S's part in responding to its enquiries. The Investigator therefore did not recommend that the complaint be upheld.

Mrs S did not accept the Investigator's assessment. She made a number of points in response. I have read everything she has said and have summarised her main points below:

- She asked for details of delays on her part, so she can prove she has not caused any delay in the claim.

- MSIG told her the landlord was responsible for the damage but after two months the landlord said it was only responsible for the electrical installation. MSIG then accepted responsibility.
- MSIG only sent a loss adjuster to look at the damage six months after making the claim.
- She provided all the information asked of her but it kept asking for the same information.
- She could not use the treatment room because the electrics were unreliable between September 2023 and April 2024. She was able to operate the front room of the salon but this was a small proportion of her income. And she has not been able to offer treatments due to lack of insurance since April 2024.
- The poor handling by MSIG has caused her immense stress and financial loss.

Mrs S asks for compensation for her business loss and reimbursement of the cost of her special treatment licence and accountants' fees (of £650) for dealing with requests for information from MSIG.

As the Investigator was unable to resolve the complaint, it was referred to me. I issued a provisional decision on the matter in September 2025. I provisionally determined that MSIG had caused some avoidable delays and should pay Mrs S £350 compensation for this. I have set out my provisional findings below:

"Has MSIG handled the claim fairly and reasonably and without avoidable delay?"

Mrs S's policy provides cover for damage to general contents and stock as a result of an escape of water and also business interruption losses as a result of damage to the business premises. The business interruption section of cover states this will be limited to loss of gross revenue and increased costs of working, less any costs saved.

When she first notified MSIG of the claim, Mrs S said the salon was open, including the treatment room. She said she'd had to close the treatment room for part of the day of the leak only. As far as I can see, it was at end October 2023 that MSIG was told the treatment room had not been open since the leak, as the ceiling tiles in the treatment room were wet and stained and the electrics were only working intermittently. So, until then, there was no business interruption claim to consider.

Mrs S says that MSIG delayed by two months initially and told her to contact her landlord. I can see it asked for a copy of the lease and was trying to establish if the ceiling and lights were Mrs S's or the landlord's. These were not unreasonable enquiries to make in my view.

However, it appears that MSIG did not instruct a loss adjuster until January 2024.

I can also see that MSIG asked for evidence of previous takings, profit and loss account for 2023, cancelled bookings and takings from January 2024 onwards. I do not think this is unreasonable, as it is usual to compare previous accounting periods to assess loss.

I can see that in December 2023, Mrs S provided a copy of her profit and loss accounts for the year ending December 2022. Mrs S also told MSIG that her 2023 accounts weren't ready yet.

MSIG says it asked for this information in January 2024, May 2024, June 2024 and September 2024. Mrs S says she provided everything asked of her and MSIG kept

asking for the same information.

I've not seen the adjuster's file, so it is difficult to be certain from the evidence provided to me what was asked of Mrs S, and when, and what she provided and when.

However, I can see that MSIG found out there had been three further leaks from the same place in early 2024 and asked for more information relating to that. There was some discussion between Mrs S and MSIG in December 2024. And, as at January 2025, MSIG confirmed it had received all the information needed about previous takings and the loss adjusters told MSIG it was in the process of agreeing the business interruption claim with Mrs S. However, there is no evidence that this progressed at all since then and it is still outstanding now. I've not seen any reason why this could not have been progressed since then.

While I can understand MSIG needed certain information and it was not clear at times whether Mrs S had been able to operate the salon at all, it does seem to me that there were delays on MSIG's part dealing with the business interruption claim.

The stock claim has been settled and a breakdown of the settlement payment provided to Mrs S in October 2024. It's not clear when this was paid but it seems to have been in late 2024. I have not seen any reasonable explanation as to why that took so long.

As stated, it is difficult to be certain but it appears MSIG was waiting for information from Mrs S at times, and the claim developed with the further leaks, which would have caused the claim to take longer. However, there was also avoidable delay on MSIG's part in the handling of this claim, part of which is still outstanding. Having considered this very carefully, I consider some compensation is appropriate. In my opinion, the sum of £350 is reasonable to compensate for this.

MSIG should now also engage with Mrs S to proceed with the business interruption claim as quickly as possible.

Is MSIG responsible for Mrs S not being able get insurance cover since April 2024?

Mrs S has said she has not been able to operate the salon since the policy with MSIG expired in April 2024. I have not seen any reliable evidence that she has been refused insurance by MSIG or any other insurer, because of this. An open claim will impact premiums charged. And MSIG was not responsible for the time taken by the landlord to repair the leaks.

In any case, even if there were such evidence, as I do not think MSIG is responsible for all of the time taken to deal with the claim, I do not think it is responsible for any issue with the insurance in April 2024.

Is MSIG responsible for other financial losses?

Mrs S has sent confirmation she paid £466 for special treatment licence in November 2024 and asks for this to be paid. Given I do not think MSIG is responsible for her not being able to operate since April 2024, I see no reason it should pay this cost.

Harriet McCarthy
Ombudsman