

The complaint

Mr B and Ms M have complained about their home insurer Arch Insurance (UK) Limited regarding trouble they had with alternative accommodation in the first five weeks of their water damage claim.

Ms M has mainly dealt with the claim and complaint. So, for ease of reading, I'll mainly only refer to Ms M in the body of my decision.

What happened

In late May 2025 Ms M was having some planned work undertaken and she took the family on holiday to allow for that to be done. A water leak was found whilst they were away and they needed alternative accommodation on their return as the uncovered leak had made the home uninhabitable. Ms M found 'holiday-type' accommodation and made a claim to Arch.

Arch completed its validity checks within about a fortnight and accepted the claim. By that time Ms M's broker had asked for urgent assistance with accommodation – the family comprising young children, one of which was disabled with complex needs.

Over the following weeks Ms M continued having to source 'holiday-type' accommodation. Arch had involved its property agent but the agent, once its criteria was updated to reflect a like-for-like property search, said nothing suitable could be sourced for the budget it had been given by Arch.

In early July 2025, following a change in loss adjuster, the accommodation budget was increased, agreement was given for a six-month let to be covered, a property was found, agreed and paid for within 48 hours. Ms M and her family shortly thereafter moved into the agreed, and suitable, accommodation.

Arch considered a complaint Ms M had made to it. She'd set out how difficult things had been for them in the five-week period since making the claim. In short most of the properties she'd found had been unsuitable for one reason or another, the property moves had been stressful as well as time consuming, the whole family had been affected by the stress of everything and that stress had been particularly difficult for the children. There were also things like increased living costs in the period too. Arch acknowledged an unreasonable budget had affected the provision of accommodation and that its agent had also unreasonably requested financial checks of Ms M. It said it would offer £750 compensation to acknowledge its failings and the impact they'd had.

Ms M didn't think that was enough given everything they'd been through. She complained to the Financial Ombudsman Service.

Our Investigator set out in detail what had happened and referenced the impact on Ms M and Mr B. She identified that Arch had been aware of their complex needs from a point before it accepted the claim. And also that once the budgetary issue was resolved, with Arch agreeing a short-term let as opposed to holiday type accommodation, a suitable place for the family to stay was found swiftly. She felt Arch could have done all of that from the point it

accepted the claim. She felt a total of £1,500 was fair and reasonable compensation in the circumstances.

Ms M said she felt the total of £1,500 was fair for everything they'd been through.

Arch said it did not agree that increasing the compensation was fair. It said its agent had provided options for Ms M in June 2025 – but she had said they were not suitable. It said it can't control what properties are available. It felt it had acted reasonably by doing things like fast tracking payments.

As Arch did not agree the complaint was referred for an Ombudsman's 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 know this was a difficult time for Ms M and her family. I'm not going to include much detail below about the children and the impact of the claim, including the multiple changes of alternative accommodation on them. That is because our decisions are published, so it wouldn't be appropriate for me to go into much detail in this respect. I can assure both parties though that I've read and understood everything.

I think the key thing for me in considering this complaint is Arch's defence to the level of compensation suggested by our Investigator. Essentially Arch has set out to argue it did assist Ms M and did all it could to find accommodation for her. But that is at odds with the details from its final response letter. With that letter acknowledging that there were two key flaws in the accommodation process – one the budget and two that its agent insisted on unreasonable checks being completed.

As our Investigator pointed out – once the budget was increased the accommodation issue was swiftly resolved. An email on file from the agent notes that, prior to the increase, there were no properties that matched the search criteria for Ms M available for the (unreasonably low) budget it had been given.

Our Investigator also noted that Arch had only initially allowed a period of four weeks for alternative accommodation. I think that, along with the limited budget, likely made the search for suitable properties even more difficult. With the complex needs of Ms M's family, for Arch to have treated her fairly, I think it should have recognised that, from the point of accepting the claim, it reasonably needed to look into covering the cost of a short-term let. Arch didn't do that so the only thing for me to think about is an award that reasonably put things right for Ms M.

I note that Arch felt £750 compensation would make up for the impact Ms M had set out to it in her complaint. I also note that whilst Ms M did not agree that sum was sufficient, she said she does feel that the award suggested by our Investigator, a total of £1,500, is fair.

For me the time period over which all of this occurred is relevant. Arch did always need time to verify the claim. It did that within about two weeks. And it's around the time it accepted that claim that I think it should have agreed a reasonable budget and to allow for a short-term let to be arranged. It was about another three weeks before all of that occurred and Ms M knew she'd have suitable and stable accommodation moving forwards.

When a policyholder is affected by an insurer's failures over a period of a few weeks, our awards tend to be quite modest, maybe a couple of hundred pounds. Often with any out of

pocket costs being considered in addition. And I note Arch initially paid £750. Looking at the time period involved here, I might have felt that was fair given our guidance and approach.

However, I'm not persuaded Arch's offer of settlement was reasonable in all of the circumstances of this complaint. Here, I'm satisfied that the vulnerabilities of the family in this instance and the way the short-term failure of Arch affected them, means the upset caused to Ms M and Mr B, can only be fully recognised if the compensation initially offered is increased.

In my view, an additional sum of £750 here will reasonably take into account the specific and additional suffering of Arch's policyholders in that they had to see and manage the impact on their young children, whilst juggling moves between accommodations and financing everything up front over a period of weeks until suitable and stable accommodation was agreed. If Arch has not paid the initial sum of £750, it will have to pay that too.

I do bear in mind that Arch arranged to do certain things like fast-track refunds of costs covered by the policy – I'm pleased it did that and that will have limited the stress caused to some extent. But all of that stress and worry could have been avoided if Arch had acted as I've said it should.

My final decision

I uphold this complaint. I require Arch Insurance (UK) Limited to pay Ms M and Mr B total compensation of £1,500 – if it had paid £750 already, it will now only have to pay the outstanding sum of £750.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Ms M to accept or reject my decision before 5 December 2025.

Fiona Robinson
Ombudsman