

The complaint

Mrs M and Mr M complain about how Great Lakes Insurance SE (“Great Lakes”) handled an escape of water claim they made under their home insurance policy.

Mrs M and Mr M have been represented throughout this claim and complaint, however, for ease of reading, I will refer to all actions or submissions as being those of “Mrs M” where possible.

What happened

Mrs M held a home insurance policy underwritten by Great Lakes. She contacted them to make a claim for an escape of water at her property after a water tank in the loft burst in December 2022. The escape of water had spread throughout the property, damaging floors, ceilings, and contents in most of the rooms. Great Lakes accepted the claim and appointed a loss adjuster. But while they inspected the property in January 2023, the drying and strip out process didn’t begin until March 2023. During this time Mrs M and Mr M were both going through health difficulties and they initially stayed with their daughter before moving into a rented property in March 2023. Great Lakes agreed to cover the cost of alternative accommodation plus pay a disturbance allowance.

Ultimately, the claim process was not straightforward, and Mrs M said she was left repeatedly chasing for updates. Great Lakes acknowledged there were several delays throughout the life of the claim including the discovery of bats in the roof space which delayed the reinstatement process. There was also slow coordination between Great Lakes and their contractors, which meant reinstatement works didn’t start until later than planned.

The property was confirmed as dry in December 2023 and the reinstatement works restarted, but communication difficulties and payment errors continued into 2024. Great Lakes’s contractors estimated completion by the end of April 2024, but that date moved back several times and Mrs M eventually moved back home in July 2024. However, snagging and reimbursement issues were still outstanding, and the claim ultimately settled in March 2025.

Mrs M complained to Great Lakes that the claim had been handled unfairly and there had been unreasonable delays. She said the property was left wet for many months, causing avoidable secondary damage, and said that she endured financial stress due to delayed accommodation and council tax payments. She also said Great Lakes failed to take her and her husband’s health circumstances into account and that she had incurred additional mortgage interest while the house was uninhabitable and being repaired.

Great Lakes issued two final response letters. The first was in November 2024 and didn’t uphold the complaint. They said mortgage interest and similar financial costs were not recoverable under the policy. The second final response upheld the complaint and said Great Lakes identified service failings, but didn’t award any compensation. Mrs M remained unhappy with Great Lakes’s response to her complaint – so, she brought it to this Service.

An Investigator looked at what had happened and recommended that the complaint should be upheld. She said Great Lakes hadn’t handled the claim effectively and noted that the

property was uninhabitable from December 2022 to July 2024, and that repeated errors had extended the duration of the claim overall. The Investigator identified avoidable periods of delay and inaction and concluded that Great Lakes's apology did not fairly reflect the distress and inconvenience caused. She recommended that Great Lakes should pay £750 compensation in recognition of their poor handling of the claim.

Great Lakes agreed with the Investigator's recommended outcome, but Mrs M did not. She explained how Great Lakes's handling of the claim had affected her and Mr M and felt the proposed compensation of £750 was too low to recognise this.

Mrs M asked for an Ombudsman to consider the complaint – so, it's 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.

Having done so, I've reached the same overall conclusion as the Investigator, and I uphold this complaint.

I'd like to start by reassuring both parties that I've intentionally summarised the background to this complaint, so not everything that's happened or been argued is set out above. I've done this because the background circumstances of this complaint are largely undisputed, and Great Lakes has acknowledged and agreed that their service fell short on occasions throughout the life of the claim. So, while I've read and considered everything that's been provided, I haven't commented on each and every point made, or piece of evidence provided. This reflects the informal nature of this Service.

This also means I don't intend to make an extended finding on whether or not Great Lakes did anything wrong here, because they've already agreed to pay £750 compensation to reflect the impact their failings had on Mrs M. But Mrs M, via her representative, feels that the impact was much greater, and that £750 compensation wouldn't be enough to recognise this impact. As such, I've focused my decision on deciding whether I think the amount of compensation the Investigator recommended fairly addresses any impact caused, as well as addressing the consequential losses Mrs M has raised in respect of mortgage fees. I've addressed each of these issues below in turn, for ease of reference.

Additional costs

Mrs M has said because of the extended reinstatement period and delays, she incurred additional mortgage interest and related charges while the property remained uninhabitable. I've carefully considered everything Mrs M has said on this point, but ultimately, I don't think it would be fair reasonable for me to direct Great Lakes to reimburse those costs.

Mortgage payments are a separate contractual arrangement between a borrower and their lender, and the policy doesn't cover the general cost of maintaining a mortgage. Great Lakes has also submitted that these payments would have been due regardless of any ongoing insurance claim. And the precise terms of any mortgage agreement can depend on a variety of market factors that would have been outside of Great Lakes's control.

Ultimately, when thinking about whether additional mortgage costs themselves were both directly a result of something that went wrong, and whether they were reasonably foreseeable, I'm not persuaded this can be demonstrated on the available evidence I've considered. As such, I find the fair and reasonable way to approach this aspect of the

complaint is to consider any additional inconvenience and concerns Mrs M would have experienced within the total compensation award I make.

Impact and compensation

I want to start by explaining how we look at awarding compensation in complaints, given Mrs M's representative has said she feels the compensation award should be higher. This Service is not the industry regulator. We don't have the power to punish or fine businesses; that's the role of the Financial Conduct Authority ('FCA'). Our role is to resolve individual disputes by deciding what's fair and reasonable for the people involved. We can award compensation for the impact businesses actions have had on the customer, as well as for direct financial losses.

Having considered all the evidence, I'm satisfied Great Lakes and their agents caused unnecessary delays and service failings. I've weighed up Mrs M's testimony, the available evidence, and the length of time the claim took. I'm satisfied there are examples of missed opportunities and poor communication throughout the claim that would have caused understandable upset, distress and inconvenience to Mrs M and Mr M. That means I think a compensation award is appropriate here.

However, I also need to consider that Great Lakes did take steps to remedy issues, such as providing documentation for Mrs M to pass to her mortgage provider which confirmed that reinstatement works were ongoing at the property with an active and ongoing insurance claim. Additionally, the delays due to the discovery of bats in the roof space was outside Great Lakes's control, and Mrs M was provided with alternative throughout the repair period.

Although I agree the claim took far longer than it should have, Mrs M wasn't left without somewhere to live and additional costs and expenses were ultimately reimbursed. Finally, I also have to think about direct impact, as Mrs M's representative managed most of the communication and administrative follow up on their behalf, but I am unable to award compensation to a representative directly.

On balance, I'm satisfied that the £750 the Investigator recommended, which I note Great Lakes has agreed to, is a fair and reasonable amount to reflect the distress and inconvenience caused. I find that it recognises the frustration and uncertainty created by the service failings but also takes into account that not all of the delays were Great Lakes's fault and that the practical impact on Mrs M was partially mitigated. I appreciate this may not be the level of compensation Mrs M might have hoped for, but I consider it to be in line with the level of compensation appropriate to these issues, and I'm satisfied this produces a fair and reasonable outcome in this particular complaint.

My final decision

For the reasons I've set out, my final decision is that I uphold this complaint. I direct Great Lakes Insurance SE to:

- Pay Mrs M and Mr M £750 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 11 December 2025.

Stephen Howard
Ombudsman