

The complaint

Miss C is complaining about the way U K Insurance Limited ('UKI') has handled a claim she made on her commercial property insurance policy.

What happened

In May 2024 Miss C contacted UKI to report a leak in a property she rents out and to look to claim for the damage against her commercial property insurance policy. It was agreed that Miss C would appoint a contractor to carry out the works and UKI would pay its costs. Miss C sent a quote to UKI who agreed to the cost.

However, in November 2024 Miss C's contractor discovered some significant further damage. So UKI looked to arrange for the surveyor to re-attend the property to investigate and amend the scope of works and claim value. There was a delay in carrying out this investigation. In February 2025 the works were able to continue. Miss C asked her contractor to reattend. He said he would, but he set out it would cost a further £4,000 to reflect lost income he'd incurred and an increase in the cost of materials. Miss C queried this with UKI who said it would look into it.

In March 2025 Miss C asked UKI to settle the final settlement. But UKI queried the additional £4,000 as it said it didn't think this was warranted and said it hadn't authorised it. It did agree it had caused delays and said it would pay Miss C £750 in compensation. But it didn't agree to pay the £4,000. Miss C didn't think UKI was being fair, so she referred her complaint to this Service.

Our Investigator upheld this complaint and said the following:

"I have reviewed the evidence available, and I am upholding the complaint.

Miss C was affected by the delays in approving the extra work that was required to reinstate the property. The delays had a significant impact on her and her ability to get the work done promptly. The extra work required was relayed to UKI on 13 November 2024. The surveyor didn't attend to assess the new scope of works until the end of January 2025.

UKI offered £750 compensation for delays and poor communication in their final response letter dated 7 February 2025. UKI's offer is broadly in line with our published guidelines, considering the length of the delay, and inconvenience caused to Miss C. It's likely to have been what I'd have recommended, had UKI not already offered this amount.

What the impact was

Miss C was told to stop work on the property and stand down her contractor until the new scope of works had been agreed by the surveyor. The contractor continued to do what work they could based on the original scope of works UKI had already agreed. The contractor stopped when they couldn't proceed until the surveyor had visited the property. I can see that Miss C did everything she could to mitigate the position she was in as she was in constant contact with UKI. I can see that a lot of time and effort was spent trying to get the

surveyor to the property.

The delays were not due to any actions Miss C had taken during the claim. I think that the surveyor could've attended the property and scoped for the new works promptly. To have the limited extra work reviewed and approved within four weeks seems very reasonable. During the two months delay, the contractor was working for a month and was not employed on the property restoration for a month.

As, the contractor was awaiting Miss C's instructions, as it seemed that the extra work should be straightforward to approve, the contractor didn't take another job. A month after being told to fully stop work, the contractor was asked to return as the scope of works was agreed. The contractor agreed and started work straight away.

The contractor informed Miss C that £4,000 would be charged for them standing down and awaiting the surveyor and the insurer to approve the works. Miss C provided this information to UKI on 6 February 2025.

UKI didn't provide a response to Miss C on whether or not they would approve the £4,000 until 12 May 2025. Miss C was under the impression from conversations with the administrator that the costs may be approved, but I fully acknowledge that this wasn't confirmed in writing and the administrator didn't agree to the payment.

The contractor has informed Miss C that the £4,000 was for the contractor and his team not being able to work for just under a month. I think that for a small team of workers, approximately £1,000 per week for labour costs doesn't seem unreasonable. These costs were only incurred due to the delays in approving the new scope of works.

As this delay was not the fault of Miss C, or due to any actions she took or her contractor took, I think that UKI should pay the £4,000 bill from the contractor.

I appreciate that Miss C had to chase UKI for an answer on the payment of the £4,000 but as the contractor kept working, I don't think from the evidence available, that she incurred any additional financial loss. Overall, I will not be asking UKI to pay any additional compensation for distress and inconvenience above the £750 they offered in February 2025.

The compensation award was made for distress and inconvenience caused to Miss C for the reasons set out in the financial response letter, including for poor communication and delays. The compensation doesn't relate to financial loss in terms of the claim for the contractor's invoice."

UKI didn't accept the Investigator's opinion. It said there wasn't anything to show the contractor couldn't take on other work during that time. And it highlighted it never told Miss C it would pay this cost. So the complaint'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.

I've come to the same conclusion as the Investigator for the same reasons.

I can understand why UKI is now querying the validity of the additional £4,000 charge. But it is only querying this after the works were completed and the final invoice was presented. Miss C emailed UKI when the contractor asked for this additional payment and asked whether UKI would settle it. Miss C also spoke with UKI on the same day and UKI said it

would look into it.

Due to the length of time that the claim had been put on hold, which UKI has accepted was far too long, I can see why Miss C authorised the works to restart. While I accept UKI didn't authorise the additional charge, it also didn't tell her it wouldn't pay this either. And I don't think it's unreasonable Miss C assumed it would given it never queried this. It was available to UKI to raise all the queries it has at the time. Instead, by its own admission, it didn't look at this. I don't find it fair that it's later seeking to not pay the invoice months later and only after all the work has been completed.

It may be that, had UKI queried these charges at the time, it could potentially have reduced or avoided it. But it didn't do so and I'm satisfied Miss C is now liable for this cost. Ultimately, this £4,000 is a cost Miss C has incurred as a result of the insured event and is also down to delays caused by UKI. Miss C does have to pay this and I can't say it's fair she's made liable for it. So I agree with the Investigator that UKI should settle this cost.

I understand UKI has said it would pay Miss C £750 in compensation for the distress and inconvenience this delay caused. This is an exceptional award and is in line with what I would have awarded. So I'm not requiring it to pay more than this.

My final decision

For the reasons I've set out above, it's my final decision that I uphold this complaint and I require U K Insurance Limited to pay the outstanding £4,000 Miss C's contractor is charging for the time the claim was delayed. It should also pay her the compensation awards it's already offered to pay her if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 16 March 2026.

Guy Mitchell
Ombudsman