

## The complaint

Ms L and Mr P have complained about their let property insurer Allianz Insurance Plc regarding a claim they made to it for a fire in 2017. Allianz made final settlement payments to Ms L and Mr P in 2024 – they blame it for delays which increased costs and losses, reporting a total of £116,623.49 outstanding.

For ease of reading I'll mainly only refer to Ms L during the body of my decision.

## What happened

There was a fire at the insured property on 9 November 2017. Ms L reports there were five tenants living in the property at that time, sharing three units. The seat of the fire was in the unit at the rear of the premises (shared by two tenants) and a first floor unit was heavily affected by smoke. The three tenants of these units had to move out straight away. Two tenants sharing the ground floor unit, but with separate tenancy agreements, were able to remain living in the property until spring 2018 when they moved out in preparation for the reinstatement work to begin.

Work began in July 2018. Allianz made five payments as work continued into 2019. But by February 2019 the works hadn't progressed as expected with the contractors, instructed by Ms L via her loss assessor (H), reporting delayed payments as the cause. The contractors stopped work entirely in around July 2019 and were terminated in November 2019. New contractors resumed the reinstatement work. They also reported issues with late payments, preventing them from continuing with the works and, by March 2020, Ms L decided to complete outstanding work herself. She told H that she'd keep receipts and expected to be fully reimbursed by Allianz.

As work at the property was completed, Ms L began to relet the units. Allianz ultimately paid loss of rent under the policy until December 2019 (acknowledging there had been some delays in the claim), later making an additional payment of £4,496 to exhaust the sum insured for lost rent under the policy. Ms L though pointed out that it was July 2021 before the property was fully relet – and Allianz had only ever covered lost rent for three tenants, not five. She said she hadn't had a policy document in 2017 showing the limit for lost rent and couldn't be satisfied that produced by Allianz in 2024 was correct for 2017. She said outstanding loss of rent, which she felt Allianz reasonably owed, was around £114,000.

Allianz wasn't minded to pay more for lost rent, but said it was paying £500 compensation for upset. It said it simply felt the delays in the claim were largely due to things beyond its control. While Ms L had complained to Allianz about the cost of reinstatement work, it didn't respond on those issues. Ms L presented invoices to H in 2021. Allianz received copies in 2022. In 2024 it offered to pay a further £16,000, exhausting the tender sum agreed in 2018 but never fully paid. It then also agreed to pay £13,000, being half, it said, of certain costs claimed by Ms L. Ms L wasn't persuaded that was fair or made sense as her claimed costs for work were over £60,000.

Ms L, unhappy with Allianz' replies referred her complaint to this Service. In doing so she detailed the worries and inconvenience Allianz' handling of the claim had caused. She said

they wanted interest to be paid on late payments and outstanding sums, plus compensation for the seven years of upset they'd endured.

Our Investigator, focussing on the delay and loss of rent issue, wasn't persuaded Allianz had been entirely responsible for the claim being so delayed. She felt Allianz settling to the total sum insured for lost rent and paying £500 compensation for upset was fair and reasonable in the circumstances. So she wasn't minded to uphold the complaint.

Ms L said she was disappointed. Particularly that the cost of reinstatement work had not been considered. She maintained that Allianz' late payments had dogged the progress of the work and caused two contractors to be lost. Which then pushed the repair programme into the period where the Covid-19 Pandemic impacted both getting work done and costs charged. Ms L emphasized that all their invoices had been submitted by November 2021 – she said it couldn't then possibly be fair that it was July 2024 before Allianz made the further claim settlements.

The complaint was referred to me for an Ombudsman's decision. I was minded to uphold it – but not to the value Ms L and Mr P were looking for from Allianz. Essentially I felt Allianz should be paying some interest sums and compensation, as well as possibly a sum of £6,000 towards Ms L's "Invoice 4".

Ms L and Allianz both replied to my provisional findings. Ms L said she was grateful for my provisional findings. But she asked that some points were reviewed. Allianz provided evidence to show costs detailed in "Invoice 4" had been covered by the tender. I've set out my provisional findings (in italics), the parties' relevant responses and my final comments, in my section below.

### **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 said provisionally: "I've set out below what I think Allianz got wrong and what I think is now required to resolve this complaint and finalise the claim. I trust the parties will understand my intent here is to, in a fair and reasonable manner, bring this long drawn out set of circumstances to a close so both parties can move on."*

### **Loss of rent**

I said provisionally:

*I know Ms L says she can't be sure the policy, in 2017, included a limit of 20% of the buildings sum insured for lost rent. I can confirm though that the policy booklet Allianz shared with Ms L in 2024, does contain a print date on it of August 2016 ("08.16" at the bottom left of the rear page). I'm reasonably satisfied that this is the wording which applied to their cover, which renewed in July 2017 and was in place when the fire occurred in November that year.*

*So the cover available to Ms L under the policy for rent lost due to an insured event was for a total of £71,503. Allianz, by February 2019, had paid just over half of that sum to cover rent lost to that point. All parties had expected work to be finished by then. But work wasn't finished and the contractors were citing issues with late payments as the cause for delays. It was early 2024 before Allianz agreed to make an additional payment of £27,000 to cover rent lost to December 2019, and July 2024 when it said the final sum of £4,000, which would*

*exhaust the sum insured would be paid. I need to think then, in the first instance, whether that delay in the additional loss of rent payment being made was reasonable.*

*I accept that initially paying until February 2019 was reasonable. I also accept that the surveyor working with H told Allianz, in around April 2019, that whilst there was a delay with the conservatory (the company ordered from had gone out of business), there was little work left to complete once that issue was resolved. And I generally think it was reasonable for Allianz, from that, to view the property as in a lettable state, meaning, at that point, it paying no further loss of rent was fair.*

*However, whilst I can't account for the detail the surveyor gave to Allianz, I accept it was incorrect. And Allianz was informed at the latest by January 2020 that there had been more work to finish than the surveyor had indicated in April 2019. For example there was still a kitchen outstanding. So I think it should have known that further consideration would reasonably need to be given to the loss of rent issue. As such I think Ms L was without loss of rent funds for longer than she should have been – Allianz' payment made in January 2024 of £27,000, for the period February to December 2019, should reasonably have been paid by the end of January 2020. I intend to require Allianz to pay a sum equivalent to interest on the sum of £27,000 applied from 31 January 2020 to the date of payment in 2024.*

*I think, if Allianz had handled the loss of rent issue reasonably, in the manner I've described above, when it received contact in March 2022 about outstanding sums, it would likely have noticed that there was only a small part of the sum insured left. That sum equated to about one and a half month's rent. In the long circumstances of this claim, I think, Allianz viewing the situation reasonably and pragmatically, would have paid that final sum to settle the sum insured in April 2022. I intend to require Allianz to pay a sum equivalent to interest on the sum of £4,496 applied from 30 April 2022 to the date of payment in 2024.*

*The exhausted sum insured covered rent loss through to January/February 2020 and the reasonable interest I'm intending to award accounts for delays in settlement. But I also need to consider whether any payment in excess of the sum insured is due on account of any delay by Allianz. At this time I'm not persuaded it would be fair for me to require such. I'm simply not persuaded that further rent was lost due to failures by Allianz.*

*As of January 2020 the surveyor said there was about six weeks of work left to be done. The work then slowed into March 2020 because the contractors (the second contractors, taking over from the first which had their involvement terminated in 2019) were waiting for payment for the kitchen. But, at that time I also note issues were highlighted by Ms L with the quality of the work completed. She'd also referenced that some private work had formed part of the repair programme. Allianz would not be responsible for delays caused by resolving poor works or completion of private works. I can't be sure how much things like this, which Allianz was not responsible for, impacted the repair journey during 2020 until the units started to be relet starting in January 2021. But that in itself tells me that the loss of rent continuing during this period cannot reasonably be blamed entirely on Allianz' failures. And it would only be if I'm satisfied that Allianz' failures caused a loss to be incurred that I could make an award.*

Ms L said:

- It was "tantamount to professional negligence" for Allianz' loss adjuster to not warn them in the early stages of the claim of the limit for loss of rent. With their loss assessor only being made aware in around May 2022.
- In 2020, under the second contractor, it wasn't unreasonable for concerns over quality to be raised. They were raised, they were addressed. It did not materially delay the work.
- There were no private works being done in this period.

I've not seen details of all of the contact Allianz' loss adjuster had with Ms L's loss assessor. But if I accept for a moment that the loss adjuster did not highlight the limit for loss of rent, I wouldn't think of that as being a failure in the context of this claim. The role of a professional loss assessor is to assist their client (Ms L) with obtaining from the insurer (Allianz) what they are entitled to under their policy of insurance. So I'd expect that Allianz' loss adjuster would have dealt with the loss assessor on that basis ie reasonably expecting the loss assessor to be familiar with the policy cover available, or if not to ask. I wouldn't reasonably expect a loss adjuster to talk a loss assessor through policy coverage in the way I might think they should a lay-consumer, who is not a professional expert in the insurance claim field.

I would certainly expect a consumer, who has concerns about work being completed at their property, to draw that to the attention of the contractor completing the work. That is entirely reasonable. But, where a contractor has completed poor work, which a consumer has had cause to complain about, that poor work will need to be agreed by the contractor, and then rectified. Which all takes time. So there is a natural impact on the course of the work. And because this was Ms L's contractor, the poor work it did and the natural impact that had on the course of the work being completed was not something Allianz was responsible for.

Ms L says there was no private work being completed by the second contractor. However, the original scope of work included fire doors to be painted. Ms L took the opportunity to pick different doors, which needed oiling. Ms L also took the opportunity to relocate the property's boiler. I can see from the work outstanding when the second contractor took over that the oiling of the doors remained to be done, as did a full check and certification of the plumbing and heating system – which would have been adapted when the boiler was relocated. I think it's fair to say private works, not covered by Allianz, were still in the process of being completed by the second contractor.

Of course, I don't know how exactly the quality issues or the private work affected the claim in this period. I know there will likely have been an impact though. And that means I can't be reasonably satisfied that it was only Allianz' delayed payments that complicated and prolonged the repair scheme.

#### How many tenants did Allianz pay for?

I said provisionally:

*Allianz had paid the full sum insured for loss of rent and I've said I'm not minded to make it pay more on account of delays. So Allianz may feel that this query falls away. That's because, regardless of how the sum insured is split – five ways or three, if it is exhausted, and I've found no loss on account of delays – there would seem to be no more for Allianz to pay. However, my findings above are based on Allianz' calculations for when the sum insured became exhausted – if Allianz was basing its calculation on three tenants only, the sum insured would last longer. If the sum insured should have reflected five tenants, it would have been exhausted sooner, meaning the period for 'delay' would require further examination.*

*From everything I've seen I think Allianz' loss adjuster at some point after the first loss of rent payment was made either became confused or changed their view about what was to be paid. Despite recent comments from Allianz and its loss adjuster suggesting otherwise, all four tenancy agreements (three for single tenants and one for two tenants) were received by the loss adjuster in December 2017. With two of the single tenants remaining at the property at that time, leaving in March 2018. And the first payment for loss of rent (circa £10,000 for four months) reflected that. But later payments, when all five tenants had left, seem to have*

*ignored the rent that had been paid by the two tenants sharing the rear unit which was the seat of the fire.*

*From the reports provided by the loss adjuster; £10,800 was paid in around July 2018 for rent April to July inclusive, and then November 2018 for August to November inclusive. But the total rent for all five tenants for four months would have been £15,800. The fourth payment made by Allianz, and the last until its review in 2024, came in February 2019, for December to February inclusive and was for a sum of £8,250. The total rent lost for all five tenants for three months would have been £11,850. Which means that between July 2018 and February 2019, Allianz paid Ms L £13,600 less than she should have received. I don't doubt that being left without those significant sums was worrying for Ms L. I'll take that into account when awarding compensation. I'm also going to require Allianz to pay some interest on these missing sums. I'll require it to pay against the 'missing' sum from each block payment made until 31 January 2020.*

*The date of 31 January 2020 is the date I've said above Allianz' further payment of £27,000, which nearly exhausted the sum insured, should have been paid. And I've awarded interest on that larger sum from that date forwards. I can't award interest twice for sums from 'the same pot' ie anything that should have been paid under the policy sum insured. So it makes sense to cap the interest awarded for the sums Ms L should have received in 2019, to the point the 'pot' was mostly exhausted by the payment in 2020.*

*So, as I noted above, the sum insured total was £71,503. I'll take from that the first loss of rent payment, which I'm satisfied correctly reflected the tenants and rent lost in the first four months after the fire. That was £10,049.34. That leaves £61,453.66, to cover rent missing, starting in April 2018, for five tenants each month totalling £3,950. Meaning I think the sum insured would have been exhausted within fifteen and a half months, by mid-June 2019.*

*I've said above I'm not persuaded failures by Allianz caused the property to remain unrepaired and without rental income past the start of 2020, where Allianz had calculated the sum insured was exhausted. But based on what I've found here, that the sum insured, had reasonable payments been made by Allianz, would have exhausted in June 2019, I've thought about whether Allianz should pay loss of rent for the latter half of 2019. To be clear – Allianz has said it has paid lost rent to the end of 2019 already – but my calculations show that it has only paid it based on losses related to three of the five tenants.*

*It was in the latter half of 2019 when Ms L's first contractor stopped doing work on the property, was terminated and a second contractor took over. I know Ms L and H have said this all stemmed from Allianz making late payments. From everything I've seen I think Allianz' payments to this first contractor were unreasonably delayed. And I don't doubt that caused problems, including the insured work to slow. But I can't be sure that is why that first contractor stopped doing work at the property. I bear in mind that payments for work were up to date as of early 2019. In fact, given the amount of work left to be done when the first contractor terminated, it would seem it had not completed work it had received payment for. I also bear in mind that Ms L has said this first contractor was completing work privately for them alongside the insured work, and I've no way to know if there were any issues with that work which influenced the contractor's decision to move on to other projects.*

*In short, whilst I think it is highly likely that payments issues in 2018 caused delays to the claim, payments were up to date by the start of 2019, with the first contractor only ceasing work in around July 2019. On balance, I can't be reasonably satisfied that the payment delays caused the reinstatement to be significantly incomplete, with work on hold whilst the first contractor was terminated and a second arranged to take over, in the latter half of 2019. Which means I'm not minded to find Allianz is liable for any additional lost rent, beyond the sum insured which was reasonably exhausted by mid-June 2019.*

Ms L said:

- The private works issue is easily clarified and largely irrelevant.
- Private works were mentioned only to explain their upfront payment for them (£7,200) was what kept the contractor working when Allianz' payments were delayed. And it was these delayed payments by Allianz which caused work to be generally delayed.
- The 'private works' were merely variations to works agreed in the insured work schedule.
- And much of the private work was completed before the first contractor's first invoice was paid by Allianz (in September 2018).
- By July 2019 all the major private works, including relocating the boiler, had been completed.

I see that Ms L thinks the changes to the work schedule wouldn't have caused much impact. But I'm not persuaded, given my experience in considering complaints about major reinstatement schemes, that such work can be dismissed so easily. Ms L, for example, talks about relocating the boiler. That is quite significant work and entails moving and adapting pipework and might well mean chasing plaster from walls or adding boxing to hide additional pipework. I see the kitchenette in the property was to be moved too – again that would entail changes to pipework, and additional electrical sockets might be required too. These are not entirely straightforward jobs and they almost certainly will involve an increased time period for completion in excess of what would have been required for a like-for-like reinstatement.

I appreciate what Ms L says – that much of the private work was completed before September 2018. But that doesn't mean that work did not delay the insured work. In fact it might well suggest that if private work had not been done in 2018, the insured work by the end of 2018 and into 2019, might well have been much further on. I can't reasonably just assume the private works had no impact on the course of the claim and determine instead that all of the delays occurred on account of Allianz' delayed payments.

To be clear, I accept Allianz delayed making payments and that this had an impact on the course of the reinstatement work. But I can't be satisfied that those delays were the only reason the work stalled, with the first contractor stopping work entirely in around July 2019. I remain of the view that Allianz is not liable for any additional lost rent, beyond the sum insured which was reasonably exhausted by mid-June 2019.

#### Settlement (Interest because it was delayed)

I said provisionally:

*Allianz agreed to settle the claim by paying contractors, selected via a tender process and appointed by Ms L. The sum agreed, in 2018, for the work was £141,708. This was the sum put forward by the contractor initially appointed in 2018 but which was terminated in 2019. At that point the next highest bidding contractor was put in place. Clearly, if that second contractor insisted on charging its price for the work, then I'd expect Allianz to have been contacted to give it chance to review and revise the agreed contract sum. I haven't seen that H did that and Allianz is of the understanding that the second contractor merely took over the agreed tender. In the circumstances I can't now reasonably criticise Allianz for not revising the settlement sum upwards. And nothing I've seen suggests the second contractor did charge more for the work it did – meaning the tender sum was spent on 'fewer' things than it should have covered. So I'm not minded to require Allianz to do anything in this respect.*

*Prior to the first contractor being terminated, £94,178.53 of the tender sum had been paid by Allianz for work. In 2020 Allianz paid a further £30,261.30 to the second contractor. And a final sum of £396 was deducted from the tender sum to account for a prior duplicated payment. The sum in question was for boarding up in 2017. Only one sum of £396 was incurred by Ms L for boarding up, but Allianz paid two sums. It's fair that it made an adjustment to account for that overpayment. That left £16,872.17 outstanding.*

*In March 2022 H put forward costs Ms L had incurred in 2020 and 2021 in completing the reinstatement of the property, having taken over from the second contractor. I'll recognise this point that Allianz was not given notice of this work being done by Ms L, nor of the expected costs. I realise Ms L told H that she was doing it and expected Allianz to reimburse her – but seemingly H did not tell Allianz that. Allianz reasonably needed a chance to consider what was left to be done and what that was expected to cost before Ms L went ahead and did it all. I realise Ms L may not have been aware of that, and that she felt she was doing enough by letting H know – but because Allianz wasn't given a chance to consider that work and its cost, I can't criticise it for being cautious and reluctant to just settle the sums put forwards.*

*That said, whilst Allianz was made aware of additional costs, as I've said, in March 2022, it was 2024 before it made any additional offer of payment. I've seen no good reason for things being left by it to run for so long. That delay was not reasonable. I'll take it into account when awarding compensation and I do intend to require Allianz to pay interest on the sums paid in 2024 applied from 30 September 2022 until payment was made. I say 30 September 2022 because that is about six months after Allianz was made aware of additional costs. Only being told of these costs after the event meant, I think, that it would always have taken a fair while for Allianz to reasonably investigate and consider the sums it was being asked to pay. I think six months is reasonable for that in the circumstances.*

Ms L said:

- Interest on late payments should be applied from an earlier point as Allianz should have known they'd have no choice but to take over work.
- At the very least Allianz should have expected further invoices to be presented.
- They'd had difficult things to work through in this period too. All whilst juggling the outstanding work.

I appreciate that Ms L might think Allianz should have known they'd have to take over the work. But I don't agree that Allianz should reasonably have had such forethought – as I said in January 2020 the surveyor managing the project for Ms L said there was reportedly only six weeks worth of work left to complete. Even if I were to think Allianz should have thought that might not happen and Ms L might need to take over work, I must still bear in mind that Ms L was represented by a professional loss assessor. It wasn't unreasonable in my view for Allianz to have thought that the loss assessor would keep it appraised of any key, important changes in the claim – such as Ms L taking over work and expecting Allianz to reimburse her outlay. I haven't seen that that important information was shared with Allianz.

I understand that things have been difficult for Ms L. But in my decision I am most concerned with considering Allianz' failures – so I need to think about what it did and what it reasonably should have done. I've said it delayed in making a payment for two years. Meaning I then had to think about when it reasonably should have made that payment. When any insurer receives evidence of loss it will need to assess and validate those losses. What that will mean in practice will vary depending on the circumstances at hand. But, in very general terms, it is more complicated for an insurer to do that when it only receives cost details after the work subject of the cost which it is being asked to pay for has been completed. So, in the circumstances here I was satisfied, even if Allianz had handled things properly, it would likely and reasonably have needed six months to decide to settle the further costs claimed. I remain of that view.

### Settlement (Quantum)

I said provisionally:

*So, as I noted above, from the agreed tender sum, there was £16,872.17 left. Ms L put her costs incurred to Allianz of £63,479.31. Allianz, in 2024, offered to pay Ms L the outstanding tender sum, plus £13,464.20. So a total payment of £30,336.37, approximately half of Ms L's total costs incurred. Allianz didn't set its offer out like that – and it gave no real explanation that satisfactorily quantified the settlement it had proposed. So I can understand why Ms L was confused by the sum offered and couldn't be satisfied it was reasonable. I've since asked Allianz for more detail about its offer.*

*Allianz has explained that it feels it is not liable to pay for three things claimed for by Ms L:*

- *Invoice 4 (conservatory and related costs): £21,270.04*
- *Invoice 5 (Furnishings and Appliances): £2,802.59*
- *Reserved sum for fitted wardrobes and kitchen: £11,500*

*They total £35,572.63. Allianz says these costs have been paid by it already and/or aren't owed by it under the claim.*

*Deducting them from Ms L's total costs incurred leaves just £27,906.68. So, if I agree these costs can fairly be deducted by Allianz – its payment, in excess of £27,000, of £30,336.37, would appear to be fair. I need to fairly acknowledge though that this clearly wasn't the reasoning behind the offer when it was initially made – otherwise Allianz would have paid the lesser sum of £27,906.68 and it would have been able to offer this relatively simple and clear reasoning in support.*

*I see from the parties' submissions that the furnishings and appliances were moved to storage by the contractor, where they were lost and or damaged. The contractor was not appointed by Allianz. The items were not damaged by the fire – the damage and loss from which, Allianz was liable for under the policy. I'm satisfied Allianz is not liable for this sum.*

*Turning to the wardrobes and kitchen – H said that these were meant to be installed by the contractors, but this hadn't happened. Allianz said it paid the contractors for these items. From what I can see I think Allianz is likely correct. Certainly there was some debate by the second contractor in 2020 about not being paid by Allianz for the kitchen the contractor had paid for – and Allianz then made payment. If work was paid for by Allianz but not done by the contractor, that is something Ms L would have to take up with the contractor. I can't reasonably require Allianz to pay for work twice when it was not in charge of the contractor.*



*I do think though that Allianz needs to make a further payment for invoice 4 which it has referred to as "Conservatory and related costs". I first notice, about this invoice that it is not just for works associated with the conservatory. It covers work in the downstairs rooms too. Allianz hasn't shown its payments made under the tender included costs for works associated with final reinstatement of the downstairs rooms. Nor has Allianz shown that the costs requested by Ms L in this invoice for works in the downstairs rooms are for uninsured works. But I appreciate Allianz' position regarding this work and invoice is compromised somewhat a) because it is only being asked to consider it once the work has been done, b) because there is limited detail about what was done and c) labour costs between the conservatory and downstairs rooms have not been apportioned. I intend to take a pragmatic approach to resolve this issue. But first I need to make comment on the conservatory costs.*

*I'm satisfied Allianz paid for the conservatory under the tender. I realise it was frustrating for Ms L that the conservatory company went bust and then neither of her contractors were able to source and find another conservatory, causing her to need to do this. But the company going bust and the contractors not progressing the procurement and installation was not Allianz' fault. So I don't intend to make it pay again for the conservatory.*

*I appreciate that, with the company going bust, it could be argued that Allianz should have identified a need to review the tender cost agreed for the conservatory. But Ms L was represented by a professional loss assessor – and if costs had needed to be amended, I'd have expected H to have flagged that with Allianz. Thereby giving Allianz a reasonable chance to consider a variation to the settlement. As far as I can see that did not happen. And I'm conscious that the tender sum included a 10% contingency sum. This type of sum is included in case of additional unforeseen costs such as a supplier going out of business and items having to be sourced elsewhere. That type of contingency would also potentially cover a situation where additional costs were incurred because work went on for longer than expected. Allianz' settlement of the full tender sum did include the contingency. I think Allianz refusal to pay anything more for the conservatory is reasonable.*

*So I think Allianz should pay for the work to the downstairs rooms (unless it can satisfy me that those works have been paid for), but nothing for the conservatory. But the invoice doesn't break down the labour or material costs between the conservatory and the other rooms (although the 'supply and install' cost for the conservatory is a separate sum). The total labour and material costs on Invoice 4 is £10,126.84. It's reasonable, I think, to say it's likely that the lion's share of that work was in the downstairs rooms rather than in finishing off the conservatory once installed. But I also must balance my award to account for the fact that Allianz was not, as I've said, given chance to consider these costs. I'm prepared to say Allianz should pay Ms L a further £6,000 for completing work to the downstairs rooms (but not the conservatory). That is unless it persuades me otherwise. I think that is a fair sum and a reasonable way of resolving this matter in the complex circumstances of this complaint.*

*I will require Allianz to add interest to this sum. In line with the other interest I've said I'm intending to award against Allianz' additional reinstatement settlement paid in 2024, I'll say interest should run from 30 September 2022. Allianz hasn't paid this sum of £6,000 so far, so interest will have to be applied until it does so.*

*Allianz said the work in Invoice 4 was included in the tender (so it's already been paid for). Ms L said neither contractor invoiced Allianz for the conservatory, the property's second kitchen, nor either of the two built-in wardrobes. So Allianz, Ms L said, should pay her the costs for these works.*

I know Ms L has a copy of that tender. I've reviewed it and it does include the work covered by Invoice 4, including the cost for the conservatory. As I said provisionally, Allianz did not receive any request from the loss assessor to revise the conservatory costs after the initial supplier went out of business and both contractors had difficulty sourcing another product.

Part of Allianz' final settlement to Ms L was comprised of sums left over from the tender. Essentially Allianz was happy to pay Ms L £16,872.17 of the total tender sum, as that sum had not previously been paid to either of the contractors tasked with completing the work detailed in the tender. Allianz told Ms L's loss assessor that payment of the sum of £16,872.17 would exhaust the tender sum – meaning Allianz had paid, to the contractors and Ms L, the total of the agreed sum for all of the insured work.

The agreed work, set out in the tender, paid for by Allianz, included the work in Invoice 4, the second kitchen and the wardrobes. So I can't reasonably require it to pay anything more. I said provisionally that my award for Invoice 4 would be subject to change if Allianz could satisfy me the sums had already been covered by other payments. It has done that, so I've amended my final award accordingly.

### Compensation

I said provisionally:

*This claim did clearly take far longer to resolve than it otherwise should have done. I think Allianz played a part in that. From the email correspondence I've seen the contractors were clearly not minded to work at speed when payments were overdue. And I think Allianz did delay in making a number of payments. But, as noted above, there were clearly some issues which impacted the reinstatement of the property. There were private works being done and poor work completed by the contractors which Ms L had to spend time and money resolving. That was undoubtedly frustrating and inconvenient – but not something I can reasonably blame Allianz for. So I can't reasonably blame Allianz for the upset Ms L was caused when she took over completing the work in 2020.*

*However, I've found there were some other more significant failings by Allianz, which I'm satisfied did have a long term impact on Ms L. Most notably some 'oversight' occurring regarding the number of tenants loss of rent was being and should be paid for. That caused insufficient payments to be made to Ms L for rent which had been lost on account of the claim. There was also then the unexplained and totally unreasonable gap of two years between Allianz receiving a request for further payment in 2022 and the offer of further settlement being made in 2024. The sums requested by Ms L, and even the lesser amount Allianz then paid, were also significant and I can only imagine the worry and stress suffered by Ms L when her requests for attention on these matters were not progressed in a timely manner. So Allianz, to my mind, has caused Ms L and Mr P a lot of worry over finances over a roughly four-year period. I think that warrants fair and reasonable compensation of £2,000.*

*I know Allianz has paid £500 compensation previously. That being the case, and with my award being a total sum, I intend to require Allianz to pay a further £1,500 compensation."*

Neither party objected to this part of my findings.

## Summary

Ms L said: “Mistakes, for whatever reason, were clearly made. Rectification should have happened early on but did not, but we do not see why it should continue to be us that has to bear the brunt of those original failings.”

I trust both parties will see from my decisions that I’ve acknowledged that Allianz failed Ms L and Mr P in its handling of this claim. I trust they will also both see that I’ve looked at what happened and what the consequences were to determine what is fairly and reasonably required in all of the circumstances in order to put right the consequences of those failures. I appreciate that Ms L may still feel, even having seen everything I’ve said, that my awards do not go far enough to ameliorate the position they’ve found themselves in. However, I have considered everything that happened, and everything both parties have said, and I’ve taken into account all of the evidence both parties have provided. Having done so I’m satisfied that my findings, both in respect of the failures which occurred and what is needed now to put things right are fair and reasonable.

With the exception of the change I’ve explained above, my view set out provisionally has not changed. As such my provisional findings, along with my further comments and explained change set out here, are now the findings of this, my final decision.

## **Putting things right**

I require Allianz to pay Ms L:

- An amount equivalent to interest\* on the sum of £27,000 applied from 31 January 2020 to the date of payment in 2024.
- An amount equivalent to interest\* on the sum of £4,496 applied from 30 April 2022 to the date of payment in 2024.
- An amount equivalent to interest\* on the amount of £5,000, £5,000 and £3,600, applied from the date corresponding block payments were made for lost rent (as explained above) in July 2018, November 2018 and February 2019, until the 31 January 2020.
- An amount equivalent to interest\* paid on the additional building reinstatement settlement(s) provided in 2024, applied from 30 September 2022 until the date of payment in 2024.
- A further £1,500 compensation, where my total award is £2,000 but £500 has already been paid.

\*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require Allianz to take off tax from this interest. If asked, it must give Ms L a certificate showing how much tax it’s taken off.

## **My final decision**

I uphold this complaint. I require Allianz Insurance Plc to provide the redress set out above at “Putting things right”. Under the rules of the Financial Ombudsman Service, I’m required to ask Ms L and Mr P to accept or reject my decision before 28 November 2025.

Fiona Robinson

**Ombudsman**