

The complaint

Mrs J and X have complained that U K Insurance Limited trading as Direct Line (“UKI”) has not settled a home insurance claim. They are represented by Mr J.

What happened

The background to this complaint is well known the parties so it serves no purpose for me to repeat it in detail here. In summary Mrs J and X have a home insurance policy with UKI. In December 2024 Mr J reported a claim for storm damage to a piano. I understand that there are other issues stemming from claims under the policy but in this decision, I am considering only the claim regarding the piano. A separate complaint has been set up regarding the buildings claim.

UKI instructed loss adjusters to assess the storm damage to his property but as the loss adjusters didn’t deal with pianos Mr J was advised to send a report regarding the condition of the piano. Having had some difficulty getting a specialist to visit and inspect the piano, UKI advised Mr J they would accept a report without a specialist attending.

On 23 December 2024 Mr J provided commentary from one company which dealt with pianos. It said that the piano was beyond economic repair. On 3 January 2025 the same company completed a report on the piano’s condition. UKI then asked Mr J for a second quote – but he said that he’d already sent one.

UKI said it would review the situation. UKI then advised that it was appointing an expert in restoration to visit Mr J’s property and compile a report. An agent, I’ll call “M” attended in mid February 2025. M then called a few days later and made a cash offer in settlement, this was accepted by Mr J who sent bank details by text for the payment, less excess, to be made.

The following day M retracted the offer – saying that although the piano’s manufacturer deemed it to be beyond repair an expert in restoration may not agree and he felt that a second opinion should be obtained.

Mrs J and X are represented, but for simplicity I will just refer to representations as being made by Mr J. Unhappy, Mr J complained on behalf of the policyholders.

UKI upheld the complaint regarding the service provided and offered £250 in compensation.

Mr J referred the complaint to our service. He felt that UKI should honour the offer of a cash settlement that M had made.

Our investigator recommended that further compensation be paid for the distress and inconvenience caused, but they felt it was fair for UKI to require an assessment of the piano to see if restoration was possible.

Mr J appealed. He felt that a binding contract had been formed that that UKI should pay the sum promised by M.

As no agreement was reached the complaint was passed to me to determine. I issued a provisional decision saying as follows:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'd like to reassure Mrs J and X that whilst I've summarised the background to this complaint, I've carefully considered all the submissions Mr J has made. In this decision though I've focused on what I find are the key issues here. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. So I've considered, amongst other things, the contract terms; regulatory rules; good industry practice; and the available evidence to decide whether I think UKI treated the policyholders fairly. I don't think it has, for the following reasons:

- It is clear that it was difficult to get a suitably qualified person or company to assess the damage to the piano. Of course, this was the responsibility of UKI and not the policyholders. Nevertheless, Mr J did submit a specialist report which confirmed that the piano wasn't repairable.*
- UKI had advised that it was exploring the option of sending a specialist in restorations to visit the property and report on the condition of the piano. But instead it seems it sent its agent, M, who agreed that the piano was beyond repair and offered a cash settlement. I completely understand how disappointing it was for the policyholders when M reneged on this offer the following day and advised that a second opinion was necessary.*
- In the circumstances I am satisfied that UKI did have the opportunity to send a specialist to inspect the damage to the piano. It must settle claims promptly. UKI sent M who agreed that the piano was beyond repair. Additionally it already had a report submitted by Mr J saying the same thing. I don't consider it would be fair and reasonable to now require another report or inspection of the piano.*
- The policy terms give UKI discretion as to how it can settle claims:*

For any item of contents that is lost or damaged we will choose whether to:

- replace or repair the item or part*
- pay the cost of replacing or repairing the item or part, up to the amount it would have cost us to replace or repair using our own suppliers, or*
- make a cash payment*

We won't pay more than the amount it would have cost us to replace or repair using our own suppliers.

Given my finding that UKI cannot now request a further inspection, it should settle the claim by either replacing the piano or making a cash payment in line with any other relevant policy terms.

- *Mr J has argued that a binding contract was formed when a cash settlement was offered and that UKI must abide by this. Accordingly, the policyholders didn't allow the expert in restorations to visit. I do find that the claim must now be settled, but I'm persuaded it is still for UKI to decide how settlement should be made. As I find it has sufficient evidence that the piano is damaged beyond repair, its options are to replace up to the amount it would have cost it to replace, or to make a cash settlement.*
- *I do understand and appreciate that this matter has gone on for a long time, the family has been without the use of the piano and expectations were thwarted when the offer of a cash settlement was withdrawn. Additionally promised call backs weren't made when promised and overall the claim hasn't been dealt with in a timely way. I agree that compensation is due and I'm satisfied that a total payment of £400 is merited.*

I invited the parties to submit any further comments or evidence in response. Neither party agreed with my provisional decision. In short UKI felt that it should be given the opportunity to have the piano inspected but agreed to pay £400 in compensation. Mr J felt that UKI should make the cash settlement that had been offered.

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'm not persuaded to change my provisional decision, and I adopt the findings here. I'll explain why.

UKI has said that it wants to make clear that it is willing to put right the loss that the policyholders have suffered but feels that there is insufficient information to determine the next steps. It stressed that the policyholders had not allowed its supplier to visit or carry out any restoration works, and they were obliged to do so by the policy terms.

In the circumstances I don't agree that the policyholders are in breach of the policy condition which requires them to allow UKI (or its appointed suppliers) to access the property and inspect the damaged piano. A claim was reported and has been admitted. Mr J on behalf of the policyholders reached out to UKI in order to get the name of a specialist. One of the names given to Mr J recommended a specialist who in turn provided a quote having seen pictures. I accept that the report was done remotely, but I don't feel that the policyholders can be held responsible for the fact that the specialist felt he was able to report without physically inspecting the piano. The report included the following:

I have inspected the above piano via detailed photographs.

The piano had clearly sustained serious water damage from ingress of water from above.

This damage was consistent with being exposed to a considerable quantity of water, which is still visible standing within the piano.

I was informed by (Mr J) that the piano has not been cleaned or dried since the piano was in contact with the water.

The metal parts are already showing signs of corrosion and the felt parts are expanding beyond tolerances due to the water.

The piano is beyond economic repair, and it may well not be possible to repair it in any way, due to the extensive damage, and the type of damage.

Unfortunately, water damage is about the most serious problem a piano can have.

UKI didn't consider that this report alone was enough so appointed one of its Field Insurance Advisors to report. This advisor did inspect the piano, agreed that it wasn't repairable and offered a cash settlement. A week later the offer was rescinded. At this juncture I should point out that UKI knew exactly what the issue was and had already received a report. If it felt that a specialist in restoration needed to view the piano it had the opportunity to send one. Instead it sent its field advisor.

For the reasons given I don't agree that the policyholders breached of the policy condition which requires them to allow UKI (or its appointed suppliers) to access the property and inspect the damaged piano. They requested someone come and inspect, got the relevant details from UKI, sent all the details to the first supplier then gave access to the field advisor.

I'm not persuaded it is fair and reasonable for UKI to request a further inspection given the information it has. The claim has been going on for many months – and the policyholders have been without their piano during this time. UKI must now settle the claim for the piano in accordance with the policy terms.

For the avoidance of doubt, I remain satisfied that it is for UKI to decide how the claim will be settled, in accordance with the policy terms. It should explain the basis of settlement to the policyholders.

Finally in this decision I haven't considered the other elements of this storm damage claim, which are the subject of a separate complaint to this service.

My final decision

My final decision is that I require U K Insurance Limited trading as Direct Line to:

- Settle the claim for the piano without the need for a further inspection, in accordance with the remaining policy terms.
- Pay compensation of £400, less any sum in compensation already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J and X to accept or reject my decision before 9 December 2025.

Lindsey Woloski
Ombudsman