

The complaint

Mr and Mrs C are unhappy with the way Intact Insurance UK Limited handled a water damage claim under the property owners insurance policy covering their flat.

What happened

In July 2024 Mr and Mrs C contacted the management company of their block of flats about a water leak in a pipe located in the cavity between their flat and another property. The management company made a claim to Intact Insurance through its broker. Mr and Mrs C made the parties aware that Mrs C was due to give birth in December.

Intact Insurance says it was made aware of the exact cause of the leak by the management company at the end of August and received estimates to repair the damage in October. The lounge walls in Mr and Mrs C's flat needed to be stripped and replastered, skirting boards replaced and all the wooden flooring on the ground floor taken up and replaced. Intact Insurance approved the estimate and work started in early November.

Initially Intact Insurance said it wouldn't cover alternative accommodation costs during the repair work. After Mr and Mrs C complained, it changed its decision. That left them with hardly any time to find somewhere to stay before the work started. They spent 46 nights in two different properties. Mrs C had given birth by the time they were able to move back into their home. They paid upfront for the accommodation.

During the repair works some additional damage was found to the concrete sub-floor. Intact Insurance said that hadn't been caused by the leak and so repairing it wasn't covered by the policy. The management company arranged all the repairs and Intact Insurance just paid for the work it had authorised.

Intact Insurance refused to cover all the alternative accommodation costs as it said some of these costs had been incurred because of the uninsured work. Eventually Intact Insurance paid £600 towards the outstanding costs and the management company paid the balance of £371 to Mr and Mrs C.

Mr and Mrs C complained to Intact Insurance about the way the claim had been handled. They also said the contractor had laid the wrong screed, so they couldn't have a like for like replacement of their original floor.

Intact Insurance accepted that Mr and Mrs C had had a bad experience as its communication could have been better and payments released sooner. It didn't accept liability for the wrong screed. It paid them £250 compensation.

Mr and Mrs C referred their complaint to this service. Our Investigator recommended that the compensation should be increased to £500. As Mr and Mrs C didn't agree, the matter has been passed to me.

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.

Firstly, I'd like to make it clear that I understand what an extremely stressful experience this was for Mr and Mrs C. Having a serious water leak in your home is always upsetting but even more so during the latter stage of pregnancy. What I need to decide is the extent to which Intact Insurance made it worse than it needed to have been and what level of compensation is appropriate given the impact this had on Mr and Mrs C.

It seems to me that the main failing on Intact Insurance's part was not agreeing to fund alternative accommodation for Mr and Mrs C until the last minute. The nature of the repair works and Mrs C's condition meant this should have been accepted much sooner and they shouldn't have had a frantic last-minute rush to move to temporary accommodation.

Mr and Mrs C are also unhappy that they had to pay upfront for the accommodation which cost over £8,700 in total and it took some weeks for them to be reimbursed. I can see that payment was made by Intact Insurance in three instalments and the first two payments were made within a reasonable timeframe. The claim was complicated by the fact that there was some uninsured repair work. I don't think it was unreasonable for Intact Insurance to refuse to pay all the accommodation costs as some of these costs were incurred due to repairs it wasn't liable for. Eventually a compromise was reached with the management company bearing some of the cost, so Mr and Mrs C weren't out of pocket. But I agree this could have been handled in a more timely manner.

Having looked at a timeline of the claim, I agree with our Investigator that there were no major avoidable delays on the part of Intact Insurance. The cause of the leak had to be investigated and fixed before the damage could be repaired. There was also the complication of the uninsured work. Bearing that in mind, the timeline doesn't look unreasonable to me.

This claim involved a number of different parties. Although the management company was arranging the repairs, I think Intact Insurance could have done more to liaise with Mr and Mrs C particularly as it was aware of their family circumstances. I think that failure caused them unnecessary additional stress which I'll take into account when looking at compensation.

I can understand it would have been very disappointing for Mr and Mrs C that the wrong screed was laid down which affected their choice of replacement flooring. But as the contractor was appointed by the management company, I can't say that was the insurer's fault.

I'm sorry to disappoint Mr and Mrs C but taking all these factors into account, I think total compensation of £500 is fair and reasonable in the circumstances. I agree with our Investigator that Intact Insurance should pay Mr and Mrs C an additional £250 on top of the £250 it has already paid.

My final decision

For the reasons explained above I uphold this complaint and require Intact Insurance UK Limited to pay an additional £250 compensation to Mr and Mrs C for the trouble and upset it caused them.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs C to

accept or reject my decision before 6 January 2026.

Elizabeth Grant
Ombudsman