

## The complaint

Miss S is unhappy with Intact Insurance UK Limited's (Intact's) handling of a claim she made under the multi-occupancy buildings insurance (MOBI) policy which covers her home.

## What happened

There has been extensive background to this complaint, with multiple issues in dispute at various stages. I don't intend to revisit the full background or every individual point of dispute in detail. Instead, I'll broadly summarise the main events and will focus my decision on the issues I believe to be key to delivering a fair and reasonable outcome. This isn't meant as a discourtesy to either side. Rather, it reflects the informal nature of the Financial Ombudsman Service, and my role within it.

Miss S is a leaseholder within a block of flats covered by a multi-occupancy buildings insurance policy. The policy is not in Miss S's name but it provides a benefit to her as a leaseholder.

Miss S suffered damage to her flat caused by an escape of water from an adjacent flat. She reported the claim to Intact, and it appointed a loss adjuster to investigate and manage the claim on its behalf. The claim was accepted, and Miss S was placed into alternative accommodation for several months while drying and strip out works were undertaken.

Once the property was dry Miss S provided quotes for the repairs and Intact realised the policy included a £25,000 excess fee for escape of water claims. Based on this, Intact explained it wouldn't complete the works. Instead, it offered to pay a cash settlement for the cost of repairs over the £25,000 excess. It also said it would need to withdraw the alternative accommodation. But as a gesture of goodwill, it agreed to pay for a further month so that Miss S had some additional time to make alternative arrangements.

Miss S has raised several issues with Intact's handling of, and decision on, her claim. To summarise, Miss S is unhappy that:

- Several loss adjusters were involved in her claim, yet it took around five months for anyone to realise there was such a substantial excess fee applicable to her claim.
- That the policy includes such a large excess fee for escape of water claims.
- Intact's application of the excess to her claim, and withdrawal of alternative accommodation, meant she had to return to her property where the kitchen had been completely stripped out, meaning she's without any kitchen facilities until a kitchen is reinstated, which she's said she doesn't have the funds to do.
- The strip out included switching off the gas feed, which was very difficult to correct.
- The overall communication and handling of her claim have been poor.
- All the above have seriously impacted her mental health and wellbeing.

Intact accepted the service it provided Miss S hadn't been good enough and offered £400 compensation for this. But it maintained its decision on the claim was correct.

An investigator here considered Miss S's complaint. She said there were several reasons why it wouldn't be appropriate for the Financial Ombudsman Service to consider the complaint about the reasonableness of the excess fee. She thought it was appropriate to dismiss this part of Miss S's complaint using our powers to do so under the DISP rules.

The investigator thought it was fair for Intact to apply the excess to the claim, because it was clearly stated within the policy. But she accepted the handling of the claim, including the late discovery and application of the excess had been poor, and that Miss S had been severely impacted by this. She recommended Intact increase the compensation to £750 to reflect this.

The investigator also explained that Miss S's concern with the gas being switched off hadn't been raised with, or responded to by, Intact – and so she wouldn't be able to comment on it under this complaint.

Intact accepted the investigator's assessment, but Miss S didn't. So, as no agreement has been reached, the complaint has 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, while I appreciate it will likely come as a disappointment to Miss S, I've reached the same conclusions as the investigator. I'll explain why addressing each issue in turn.

#### *Escape of water excess and policy value*

The investigator set out in significant detail why she felt it was appropriate for the Financial Ombudsman Service to dismiss this part of Miss S's complaint. From what I've seen, it seems Miss S has accepted this decision, as her more recent correspondence has focused on the fairness of the excess application in her specific circumstances, as opposed to the excess existing at all. But for completeness, I'll briefly address this point too.

DISP 3.3.4AR says that I may dismiss a complaint referred to this service, without looking into its merits where:

*“(5) dealing with such a type of complaint would otherwise seriously impair the effective operation of the Financial Ombudsman Service.”*

DISP 3.3.4B gives the following example of what would seriously impair our organisation:

*“(4) it is a complaint which:*

*(a) involves (or might involve) more than one eligible complainant; and*

*(b) has been referred without the consent of the other eligible complainant or complainants,*

*and the Ombudsman considers that it would be inappropriate to deal with the complaint without that consent.”*

Taking the above into account, I think it's appropriate to dismiss this part of Miss S's complaint for the following reasons:

- A complaint about the excess fee on a multi-occupancy buildings insurance policy involves, or might involve, more than one eligible complainant.
- Any potential decision or award I might make would likely impact Miss S, the other leaseholders of the building and the freeholder/policyholder.
- If I were to attempt to join all the other interested parties to this complaint, it would likely take up a significant amount of time and administrative resource and, by extension, costs.
- There might also be other issues preventing some of those other parties from being able to join, such as separate eligibility requirements in relation to their size (for commercial entities like the policyholder) or their status as policy stakeholders, for any leaseholders who might let out their properties.
- Even if all the parties could be considered as eligible complainants and wanted to join the complaint – which is unlikely – all the parties would need to agree on the substance of the complaint and any outcome that was to be reached by this service.
- The last point is particularly unlikely here, given the policyholder agreed to the excess fee when taking out the policy.

What the above means is that if I were to proceed to consider and answer this part of Miss S's complaint, I would be using the Financial Ombudsman Service's resources to try to resolve a complaint that would have little to no reasonable prospect of being resolved to the satisfaction of all eligible complainants, all of whom would need to accept the decision in order for it to be binding on Intact.

I fully understand that only Miss S has been impacted by the damage to her flat caused by the escape of water which occurred. And so, a complaint about Intact's handling of that claim is something that can fairly be considered for her, in isolation. But for the reasons set out above, I find it is appropriate to dismiss this element of Miss S's complaint under DISP 3.3.4A. This is because dealing with this issue would seriously impair the effective operation of the Financial Ombudsman Service.

#### Claim handling

It's not in dispute that Intact, both via its agents and directly, hasn't handled this claim well at times. The initial claim handler, and several appointed loss adjusters, missed that there was a significant excess fee applicable to the claim. There were also avoidable delays with placing Miss S into alternative accommodation, and issues with processing payments for the same, due to administrative oversights. And Miss S faced difficulties communicating with one of the appointed loss adjusters, which Intact has suggested might have been due to phone issues the loss adjuster was having at the time.

Intact initially offered £400 compensation to put things right. The investigator suggested £750 was more appropriate and Intact subsequently accepted this. But Miss S remains unhappy. This is primarily because she has been forced to move back into her property, where the kitchen has been fully stripped out and so isn't useable, which she says is solely due to Intact failing to notice or warn her about the excess fee until five months into the claim.

I completely accept and agree that Intact and its agents failing to notice, or be aware of, the policy excess fee was a significant and fundamental error. As the party who wrote the contract, and which is required under industry rules to provide reasonable guidance to Miss S about making a claim, I agree that Intact fell well short here. But, when thinking about what Intact should reasonably do to put things right, I need to consider whether Miss S would be in a more favourable, or fundamentally different, position but for Intact's failings.

Based on the evidence available, Miss S's kitchen was damaged beyond economical repair. This means it would always have needed to be replaced. As the damage was caused by an escape of water, the room required drying and, for it to be dried properly, the kitchen required stripping out. And as the policy includes a £25,000 excess fee for escape of water claims, the first £25,000 of any applicable claim must be paid by the insured, not Intact. This means that Miss S has technically benefitted from Intact incorrectly arranging and covering the cost of this work at the point it did.

When Intact became aware of the excess, it agreed to cash settle the remaining cost of repairs, over and above the excess, based on an estimate provided by Miss S, and to pay for an additional month of alternative accommodation – which Miss S could choose to accept as cash toward the works or as a further month of somewhere to live. I think was fair and reasonable in the circumstances.

I appreciate Miss S is unhappy that she's been forced to move back to her property with a stripped-out kitchen, and that she can't afford to reinstate it herself. And I appreciate that she may have sought to approach the repairs in a different way, had Intact informed her about the excess fee from the outset. But I also have to take into account that had the room not been stripped out and dried, the damage could have become significantly worse, for example resulting in damp or mould issues. And this could potentially have caused further damage to other parts of the building, or other adjacent flats, which Miss S could then potentially have been held personally responsible for.

So, while I appreciate and sympathise with the fact Miss S remains in a difficult position, and that this has had a profound impact on her physical and mental health, I also need to consider that Miss S has, at least partially, benefitted from Intact arranging and completing a necessary portion of the repair works (stripping out and drying) and that she was able to live away from her wet and damaged house for several months, at Intact's expense, while this work was carried out.

I completely understand the difficult position Miss S has been left in, given she is unable to afford to reinstate her kitchen. I understand the stress this must have caused, and I'm conscious of the impact Miss S has said this has had on her health. But I must remain impartial, and ultimately the fact that the kitchen needs to be replaced, and Miss S's difficult financial situation, are not the result of Intact's failings. She would, on balance, have been in a similar position even if Intact had noticed and informed her about the excess fee when it ought to have done, given the stripping out and drying were necessary to avoid the damage getting worse.

Taking all the above into account, while I appreciate Miss S's strength of feeling, I don't think it would be fair to expect Intact to reinstate her kitchen, as she's suggested it ought to, because I don't think that would be proportionate to the error it made. But I have thought about the poor service provided by Intact, and its agents, throughout including the issues around noticing and communicating the excess fee, when considering a fair amount of compensation.

As already explained, many of the service issues aren't in dispute. However, it's worth acknowledging that Miss S did contribute to some of the time it took for her alternative accommodation to be sourced, by wishing to view the properties before accepting them. I appreciate why Miss S would want to do this, but I don't think it would be fair to then hold Intact responsible for the fact that by the time this happened, some of the properties were no longer available, as demand on these properties is not something that is reasonably within Intact's control.

And likewise, I note there was roughly a four-month period where Miss S was in possession of repair estimates yet didn't share these with Intact. I think it's fair to conclude this contributed to the overall time it took to progress the claim, at that stage, and that it wouldn't be fair to hold Intact solely responsible for this. Although, like the investigator, I do think Intact could have done more to support and guide Miss S around this, rather than simply allowing the claim to drag on.

That all being said, I fully appreciate Intact's claim handling and customer service failings had a significant impact on Miss S, at an already difficult time. But having thought carefully about the issues Intact are solely responsible for, and the impact those issues, in isolation, have had on Miss S, I think the £750 recommended by the investigator is sufficient to fairly put things right. This amount reflects that Intact's issues caused Miss S significant distress, upset and inconvenience and that this impacted her for a significant length of time. However, given my earlier findings, it isn't intended to compensate Miss S for the ongoing impact of being without a kitchen, as I don't think this is something I can reasonably hold Intact solely responsible for.

Finally, one of Miss S's concerns was around the switching off of her gas feed during the strip out. The investigator explained this issue wasn't part of her original complaint, or something responded to by Intact in its final response letter – which meant it wasn't within the scope of this complaint. I understand Miss S disagrees with this, and maintains she did raise the issue with Intact. But, like the investigator, I haven't seen that this issue was raised and I can see it wasn't included within Intact's consideration of the complaint. As such, it's not something I can include as part of my decision on this complaint. If Miss S remains unhappy and wishes to complain about that issue, she should do so with Intact in the first instance. And she'll be free to escalate that complaint to the Financial Ombudsman Service, if she remains unhappy with Intact's final response.

### **My final decision**

For the reasons set out above, my decision is to dismiss the complaint issue about the escape of water excess, and its impact on the value of the policy, without considering its merits. This is because dealing with this issue would seriously impair the effective operation of the Financial Ombudsman Service.

I uphold Miss S's complaint about the poor claim handling, in part, and direct Intact Insurance UK Limited to pay Miss S a total of £750 compensation for the avoidable distress and inconvenience it has caused her – if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 17 February 2026.

Adam Golding  
**Ombudsman**