

The complaint

Mr B complains about the way U K Insurance Limited, trading as NIG, handled a buildings insurance claim in relation to service charge costs.

Reference to NIG includes its agents and representatives.

What happened

The circumstances of this complaint aren't in dispute, so I'll summarise the main points:

- Following water damage in early 2024, NIG accepted a claim for damage to the buildings. Mr B moved out of his home due to the damage.
- In July 2025, Mr B asked NIG to reimburse him a portion of the service charge cost for his home. He said he hadn't benefitted from this cost whilst he was out of his home. He also asked NIG to confirm it would continue to pay such costs until his property had been reinstated, and to pay compensation for not telling him he was entitled to recover these costs.
- NIG said it wouldn't pay for service charge costs, as they aren't covered by the policy and Mr B would have incurred them regardless of the claim. As a result, it didn't offer to pay the compensation Mr B asked it to.
- Our investigator thought NIG acted fairly. Mr B disagreed, so the complaint 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.

When considering what's fair and reasonable in the circumstances I've taken into account relevant law and regulations, regulators' rules, guidance and standards, codes of practice and, where appropriate, what I consider to have been good industry practice at the time. Whilst I've read and taken into account everything said by both parties, I'll only comment on the points I think are relevant when reaching a fair outcome to this dispute. That's a reflection of the informal nature of this Service.

Scope of this decision

In short, in July 2025, Mr B asked NIG to pay for a portion of his service charges and compensation. So I'll limit my consideration to those points. I won't consider any service charges after that time, or any other matters related to the claim, in this decision.

Service charge costs

I agree with our investigator that NIG acted fairly. I'll summarise the main points to explain my reasoning:

- The Insurance Conduct of Business Sourcebook ("ICOBS") applies to NIG when handling a claim. ICOBS 8.1.1 (1) says an insurer must handle claims promptly and fairly. And ICOBS 8.1.1 (3) says an insurer must not unreasonably decline a claim.
- The policy doesn't cover the service charge. So there's no contractual obligation for NIG to pay any part of the service charge costs Mr B has asked for.
- Whilst Mr B says NIG has a duty to pay these costs under the principle of indemnity, I disagree. The principle of indemnity only applies insofar as costs are insured by the policy. NIG has accepted the water damage is insured by the policy, so I would usually expect it to indemnify Mr B in relation to that damage. But it has no duty to indemnify him in relation to uninsured costs, even if they arise as a result of the insured damage.
- Mr B says this Service has routinely found that these kinds of costs are recoverable. I agree we *may* require an insurer to pay such costs in *some* circumstances – but not always. I'll explain our general approach.
- I would only require an insurer to pay uninsured costs if I thought it was fair and reasonable for it to do so. And that would usually only possibly be the case in relation to this kind of uninsured living cost *if* I were satisfied an additional cost had been incurred. There may be other considerations, but this would be the first.
- In this case, Mr B hasn't suggested that he's paid any additional service charge costs as a result of the claim. So there isn't an additional amount to consider against NIG.
- I recognise this means Mr B will pay for the service charge at his home whilst he's not there. But I don't think that treats him unfairly, because he's no better or worse off in relation to the service charge, than he would have been without the claim. So I'm satisfied he's already in a fair and reasonable financial position in relation to the service charge. Therefore I won't require NIG to pay towards the service charge.
- As the service charge isn't covered by the policy and isn't something that's likely to increase as a result of the way NIG handled the claim, it's not something I would have expected NIG to routinely raise with Mr B. So I don't agree with Mr B that NIG acted unfairly because it didn't proactively discuss this matter with him.
- I'm satisfied NIG has acted in line with ICOBS, other relevant rules and regulation, the policy, and fairly and reasonably overall, in relation to the scope of this decision.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 13 February 2026.

James Neville
Ombudsman