

The complaint

Mrs H complains with the amount Highway Insurance Company Limited (Highway) has paid to settle the claim she made under her home insurance policy.

What happened

The circumstances of this complaint will be well known to both parties and so I've summarised events.

In 2020 Mrs H reported a claim under her home insurance policy after noticing damage to her property. The damage was initially believed to be due to a storm, but following investigations it was identified damage had been caused by subsidence.

Mrs H raised a complaint about the way her claim was handled and in June 2022 Highway issued her with a final response to her complaint, awarding her £1,000 compensation.

Mrs H raised a further complaint with Highway about the way her claim was being handled. This complaint was referred to this Service and considered by an investigator. The investigator upheld the complaint and said Highway should consider the structural engineer's report Mrs H had obtained and pay her £350 compensation.

Mrs H raised a third complaint as she was unhappy with the way her claim was progressing and the settlement she was paid for repairs. She referred her complaint to this Service and an ombudsman issued a final decision about her complaint. He said he required Highway to include the cost of the kitchen floor and levelling of other floors in the schedule of works and cover this. He also required it to pay for alternative accommodation whilst the repairs were carried out.

The ombudsman also acknowledged there was a dispute about whether damage to the roof should have been covered saying that although the damage to the roof didn't appear to have been caused by subsidence, Highway had left Mrs H believing for a long time it would be covered. However, noting that Highway had as a gesture of goodwill compensated Mrs H the cost of the roof repairs, the ombudsman did not require Highway to make any further payment for this.

That decision was accepted by Mrs H. Therefore this complaint is about the events which occurred following this.

Highway told Mrs H it had asked its supplier to add the necessary additional works to the scope of repair. Following this it would provide a copy of this to Mrs H so she could obtain quotes and a settlement could be agreed. Mrs H raised a complaint as she was unhappy with the settlement offered and wanted Highway to carry out repairs. She was also unhappy she had been given the impression Highway were going to carry out the repairs, only to be told this was an error.

On 14 November 2024 Highway issued Mrs H with a final response to her complaint. It said in the circumstances it was reasonable for it to cash settle the repairs to Mrs H's property in

line with the terms of the policy. It acknowledged its supplier had made an error which led to Mrs H believing Highway would be carrying out the repair and so offered Mrs H £100 compensation. Mrs H referred her complaint to this Service.

After Mrs H referred her complaint to this Service she obtained two quotes for the repairs to her property which she provided to Highway. Highway reviewed these quotes but said a number of the items included in repairs were unnecessary or unacceptably priced. It said it would pay Mrs H a total of £90,000 for the repairs to her property. Mrs H didn't agree this was reasonable.

Our investigator looked into things. She said she thought Highway should cover what the repairs would cost Mrs H as it wasn't willing to carry out the repairs itself. However, she said she wouldn't be able to ask Highway to pay for a replacement conservatory which Mrs H's contractors had quoted for. She said she thought Highway should cover the damaged patio slabs and pay a 50% contribution to the remaining slabs. She also said she thought Highway should pay a further £200 compensation, bringing the total compensation due to £300.

Highway didn't agree with our investigator and asked for the complaint to be considered by an ombudsman. It provided a detailed response to our investigator but in summary it said:

- The quotes provided by Mrs H's contractor don't match the schedule of works as they include additional works such as the stabilisation of the conservatory.
- There are multiple reasons why it has offered a cash settlement, the main reason being it doesn't want to cause further upset to Mrs H. And it's concerned it wouldn't be able to carry out repairs in a way Mrs H would be happy with.
- It has carried out a detailed review and has offered a substantial increase to the initial settlement it offered.

I issued a provisional decision about this complaint and I said:

'I want to acknowledge I've summarised Mrs H's complaint in less detail than she's presented it. I've not commented on every point she has raised. Instead, I've focussed on what I consider to be the key points I need to think about. I mean no discourtesy by this, but it simply reflects the informal nature of this Service. I assure Mrs H and Highway I've read and considered everything that's been provided.'

I also want to be clear what I've considered as part of this decision. I've considered the events which have occurred following the previous ombudsman's final decision of 24 August 2024. I've addressed the key points separately.

Settlement for repairs

The terms of Mrs H's policy explain it will settle a claim by arranging for the repair or replacement using one of its suppliers, paying for the cost of repairs or making a cash payment. Whilst the terms of Mrs H's policy give Highway the discretion to settle the claim using a cash payment, I'd expect it to exercise this discretion fairly and in a way that doesn't disadvantage its customer.

Mrs H has said she was willing for Highway's supplier to carry out the repairs to her property, but Highway has said it will settle her claim by paying a cash settlement. It's said this is because it doesn't want to cause further upset to Mrs H and it is concerned it won't be able to carry out the repairs to a standard Mrs H would be happy with. It's also acknowledged a number of mistakes have been made

throughout the claim, and has said the repairs to the roof, which are unrelated to the claim, haven't yet been carried out, and would need to be carried out prior to, or in conjunction with the insured repairs.

Based on the evidence provided I don't think it's reasonable for Highway to only offer Mrs H the option of a cash settlement for the repairs to her property.

The repairs to Mrs H's property are not minor ones. They are expensive, with repairs being carried out to most rooms in her property. By refusing a repair, Highway are leaving Mrs H to oversee a significant repair to almost her entire property herself. And I've not seen any evidence Highway have explored whether Mrs H has the knowledge or appetite to do so. In addition, if Mrs H were to use her own contractors, she won't have the same protection as she has under her insurance policy if something were to go wrong.

So, in these specific circumstances, I would need to be persuaded Highway had good reason not to offer Mrs H the opportunity to use its own suppliers.

I don't think its concern about causing further distress to Mrs H is a sufficient reason not to offer its own supplier to carry out the repairs. It has acknowledged it has made mistakes during the claim which has caused her distress, but this doesn't mean further errors and distress is inevitable. I'd expect it would have the confidence in its own suppliers to carry out the necessary repairs to the appropriate standard.

Whilst there are unrelated repairs which need to be carried out to Mrs H's roof, I don't think this means Highway are unable to instruct its own supplier to carry out the repairs. If it's necessary for the roof repairs to be carried out prior to the insured works, then it can wait for confirmation they have been complete before carrying out repairs. And even if it's necessary for the roof repairs to be carried out in conjunction with the insured repairs, I've not seen persuasive evidence this adds such a level of complexity that this would be unmanageable for Highway.

So, I think if Mrs H still wishes for Highway to arrange its own supplier to carry out the repairs then Highway should arrange this instead of paying a cash settlement.

I acknowledge more recently Mrs H has said she doesn't wish to have further dealings with Highway, and so for completeness I've considered whether the settlement Highway has offered is reasonable should Mrs H decide she no longer wishes to use Highway's supplier.

Mrs H has provided two quotes for repair from her own contractors. One of the quotes is detailed and is for around £170,000 excluding VAT. The other isn't particularly detailed but is for around £220,000 excluding VAT. However, both contractors have said it has costed for items not included on the scope of works provided by Highway.

Both contractors have quoted for a new kitchen, new concrete flooring and a new conservatory. But based on the evidence provided I don't think it's reasonable to require Highway to cover the cost of these items.

In relation to the conservatory, both contractors have said new foundations are required to cope with the ground movement and so a replacement conservatory is required. Mrs H has referred to a report from 2023 which she says demonstrate stabilisation repairs are necessary. However, the date of this report falls outside the scope of this complaint. The previous ombudsman had sight of this report, but didn't

direct Highway to repair or amend the scope of repairs in relation to the conservatory.

I've taken into consideration the letters from the contractors, but I don't consider this to be persuasive evidence the conservatory requires full replacement. Both contractors suggest the conservatory requires replacement due to ground movement, but I've not seen evidence of ongoing ground movement which mean the repairs Highway have said are required are no longer appropriate. And I'm not persuaded the contractors are those best placed to make this judgement. So, I don't think it's reasonable to require Highway to pay for a new conservatory.

Both contractors have included a cost for replacing the concrete floors in Mrs H's dining room and kitchen. They've both said they don't believe the repairs listed in Highway's scope of repairs will be long lasting. Highway has said their subsidence specialist, who is a chartered engineer and a Member of the Institution of Structural Engineers, believes the repairs it has suggested are effective and proportionate. And to replace the entire floor would be excessive based on the damage.

Based on the evidence provided, I find what Highway's subsidence specialist has said about the repairs to the flooring to be most persuasive. Whilst I acknowledge the contractors have a different opinion, given the relevant expertise of the subsidence specialist, I think it's reasonable for Highway to rely on his opinion. So, I don't think it would be reasonable to require Highway to pay for the replacement floor which the two contractors have quoted.

The contractors have also included a cost for a replacement kitchen within their quotes. They've both said they don't believe the kitchen will be salvageable when repairs are carried out. Highway has acknowledged the kitchen worktops won't be salvageable but has said it believes with the appropriate care and skill, the kitchen can be removed and replaced.

Based on the evidence provided, I'm not persuaded it's reasonable to require Highway cover the cost of a new kitchen. Highway's loss adjuster attended Mrs H's property and whilst acknowledging the worktops wouldn't be salvageable, hasn't said the same for the rest of the kitchen. I can also see one of Mrs H's contractors has said they don't believe the kitchen will be salvageable due to the necessary flooring repairs. However, this was based on their expectation that the whole concrete floor would need to be excavated and replaced, which as I've explained, I don't think has been shown is necessary. So, overall I'm not persuaded Highway are responsible for paying for a new kitchen.

Mrs H's quote for around £170,000 includes a cost for a full-time site manager, but Highway has said it doesn't believe this is necessary. It has said the repairs being carried out aren't complex with the majority of the work being nominal crack repairs, redecoration and floor levelling. I think had a new conservatory, new concrete flooring and new kitchen been necessary, a site manager may have been warranted given the added complexity these elements would have added. However, I'm not persuaded the current scope of works require a full-time site manager to be necessary. So, I don't think it's reasonable to require Highway to cover the cost of this.

Our investigator said Highway should cover 50% of the cost of replacing the undamaged patio slabs in line with the policy terms around matching sets. I think that's reasonable and in line with the policy terms. I understand Highway has already agreed to do this.

Highway has highlighted a number of elements within Mrs H's contractor's quote which it considers to be excessive. Whilst I've no intention to require Highway to pay for repairs which are clearly unreasonably inflated, I don't think it's reasonable for Highway to limit the settlement it pays to Mrs H based on the repair costs being too expensive. It hasn't offered Mrs H the use of its own supplier for repairs, and so the settlement should reflect the cost for Mrs H to have the repairs carried out. Based on the quotes Mrs H has provided, even if the unnecessary repairs are removed, I'm not persuaded Mrs H is able to have the repairs carried out for the settlement amount Highway has paid.

Based on the current evidence, I'm not able to fairly conclude what a reasonable cash settlement for repairs would be. The quotes Mrs H has provided include costs for items which I don't consider Highway are responsible for. However, I'm not persuaded the settlement Highway has offered is sufficient for Mrs H to be able to carry out the repairs. I'm also aware that within the scope of repairs Highway provided to Mrs H, there were some errors. For example, it included costs for daily room protection which will no longer be required as Highway are providing Mrs H with alternative accommodation whilst repairs are being carried out.

So, I require Highway to provide Mrs H with an updated, and corrected scope of works which she can provide to her contractors to provide a quote for repairs. The quote for repairs Mrs H obtains should be based on the scope of works provided by Highway. Mrs H can then provide any quotes she obtains to Highway so it can finalise the settlement options for Mrs H. At this stage Mrs H can then decide how she wishes to proceed with the repairs to her property.

Claim handling

Highway acknowledged its supplier had led Mrs H to believe it was going to carry out the repairs to her property. It has offered Mrs H £100 compensation for the distress and inconvenience caused, and so I've considered whether this is reasonable to acknowledge the impact to Mrs H.

Mrs H has explained when she was told Highway's supplier would be carrying out repairs she was in tears as this was a big burden which had been lifted. I think her later being told this wasn't the case has clearly caused her distress and a significant loss of expectation. In the circumstances of Mrs H's complaint, I think the £300 compensation suggested by our investigator is more reasonable to acknowledge the impact this error had on Mrs H. Therefore, I require Highway to pay Mrs H an additional £200 compensation, bringing the total compensation due to £300.'

Mrs H said she agreed to most of the provisional decision, but she wanted to ensure repairs such as the kitchen and dining room floor being screed, and oak flooring being replaced in the dining room would still be done as per the schedule of works.

Highway said Mrs H would need to resolve the roof to her property first as there are practicality issues with two contractors working at the property. It pointed to comments made by the previous ombudsman in his final decision around it offering Mrs H a cash settlement for repairs. It also highlighted emails from Mrs H's representative in May 2025 in which he said Mrs H's preference would be to use an external contractor as the faith in Highway and its contractors had been completely lost and the trust had been eroded.

Highway said given this, it was cautious with entering into arrangements which might exacerbate existing issues or lead to further dissatisfaction. And in line with the terms of the policy it wished to exercise its option to cash settle the claim.

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've reached the same outcome to the one I reached previously for much the same reasons.

Mrs H wanted to clarify that the repairs to her property which are on the schedule of works would still be carried out, and it was just the more intense work added by her contractors which wasn't being included.

As explained in my provisional decision, I don't think the additional repairs included by Mrs H's contractors, such as excavation of the concrete floors and a new conservatory are necessary, so I don't require Highway to include this within the repairs being carried out. However, the repairs to Mrs H's property, such as the repairs to her floor and replacement kitchen worktops have been agreed within the schedule of works, so this would still be included. The reason I require Highway to provide Mrs H with an updated schedule of works is because there were items which needed to be added, such as additional repairs Highway had agreed to, and minor items which needed to be removed, such as daily room protection.

Highway has pointed to the previous decision issued by our ombudsman in which he says it was reasonable for Highway to make a cash settlement. Whilst I acknowledge this, things have moved on since the previous ombudsman issued his decision. At the point Mrs H referred her most recent complaint to this Service, she wanted Highway to carry out the repairs to her property, but Highway said it would only offer a cash settlement. So, as part of this decision I've considered whether I think this is reasonable in the circumstances.

I appreciate the terms of Mrs H's policy give Highway the discretion to settle a claim by making a cash payment. But I would expect it to exercise this discretion fairly and in a way that doesn't disadvantage Mrs H. And as explained in my provisional decision, I think Highway's decision to only offer Mrs H a cash settlement is unreasonable in the circumstances of Mrs H's claim.

I acknowledge Highway has concerns about entering into arrangements which might exacerbate existing issues, and I don't deny there has been difficulties throughout Mrs H's claim. But for the reasons I've set out in my provisional decision, I don't think it's reasonable for Highway to only offer Mrs H the option of a cash settlement. Highway has acknowledged it has made mistakes during Mrs H's claim, but this doesn't mean further errors are inevitable or the repairs to Mrs H's property won't be carried out to the appropriate standard.

Mrs H may ultimately decide she would prefer to use her own contractor rather than Highway's, and her claim may be settled by way of a cash settlement. But for the reasons I've set out, I think this should be Mrs H's decision, and not Highway's.

Highway has said the repairs to Mrs H's roof would need to be completed before the claim related repairs could be carried out. This is something it can discuss with Mrs H should she decide to use Highway's suppliers for repairs.

My final decision

For the reasons I've outlined above, I uphold Mrs H's complaint about Highway Insurance Company Limited. I require it to:

- Offer Mrs H the option of using Highway Insurance Company Limited's supplier to

carry out the repairs to her property under the terms of her policy.

- If Mrs H doesn't wish for this to happen, Highway Insurance Company Limited should provide Mrs H with an updated and corrected scope of repairs which she can provide to her contractors to provide quotes for repair.
- On receipt of the updated quotes, Highway should finalise the settlement options to Mrs H. One of these options must be to allow Mrs H to use Highway Insurance Company Limited's own supplier for repairs.
- Cover 50% of the cost of replacing the undamaged patio slabs.
- Pay Mrs H a total of £300 compensation, minus any compensation it has already paid as part of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 18 December 2025.

Andrew Clarke
Ombudsman