

The complaint

Mr G and Ms W complain about the settlement esure Insurance Limited (esure) has paid for building repairs and alternative accommodation under their home insurance policy.

This complaint has been brought by both Mr G and Ms W, but as Mr G has been leading in this complaint, and for ease, I've referred to him throughout.

What happened

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

In December 2023 Mr G's property and contents were damaged by an escape of water and so he reported a claim to esure under his home insurance policy.

Mr G raised a complaint about the way his claim was being handled and on 23 April 2024 esure issued a final response to his complaint. It said there had been some delays but a number of enquiries needed to be completed. Mr G referred his complaint to this Service.

Whilst Mr G's complaint was with this Service, Mr G raised a further complaint about the way his claim had been handled since the previous final response had been issued. On 27 August 2024 esure issued Mr G with another final response. It said it was satisfied the revised settlement offer it had made recently was reasonable and its suppliers had handled Mr G's claim as it would expect.

Our investigator looked into things and said she thought esure should pay Mr G a total of £700 compensation due to the way it had handled his claim. She said she was unable to comment on the settlement for buildings or alternative accommodation as this hadn't yet been finalised. That complaint was resolved at this stage. This complaint is about the events which occurred following this.

A further complaint was raised to esure about the way it had handled Mr G's claim for contents and the settlement it had offered.

On 19 November 2024 esure issued Mr G with a final response to his complaint. It acknowledged there were unacceptable delays in its supplier visiting Mr G's property, and the receipt of the cash settlement offer. It said it had contacted Mr G during a period he had asked not to be contacted and apologised for this. It also acknowledged Mr G was still waiting for a response to the data subject access request (DSAR) he made in July 2024 which esure said was unacceptable. It offered to pay Mr G £350 compensation as an apology. Mr G referred his complaint to this Service.

Mr G's complaint issues were split into two separate complaints by this Service. One complaint about the way his contents claim had been settled, and another about the settlement for building repairs and alternative accommodation. This decision relates to the complaint about Mr G's building repairs and alternative accommodation.

Our Investigator looked into things. He said he thought the settlement esure had paid for building repairs and the settlement it offered for alternative accommodation were reasonable. Mr G didn't agree with our investigator. He provided a detailed response but in summary he said:

- The independent valuations he had obtained supported repairs will cost around £94,000 to complete.
- The property esure has based its settlement for alternative accommodation on was unsuitable for his requirements.
- esure failed to identify him and Ms W as vulnerable consumers.
- The way the claim was handled has led to personal and business losses exceeding £110,000.
- The mismanagement of the claim has led to an inflated claim value and this should be corrected.

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

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

I also want to be clear about what I've considered as part of this decision. I've considered the events which have taken place following esure's final response of 27 August 2024 until its final response of 19 November 2024. Mr G has a separate complaint with this Service about his claim for contents and the events specifically addressed in esure's final response of 19 November 2024, and so I won't comment on this as part of this decision. This decision is about the settlement esure has offered for building repairs and alternative accommodation. I've addressed the key points separately.

Settlement for building repairs

The terms of Mr G's policy explain how esure will settle a claim for loss or damage to his buildings. This includes paying for the cost of the repairs or arranging for the repairs to be carried out. The terms also explain if it's possible to carry out a repair but Mr G doesn't agree for this to take place, it will pay cash based on what it would cost esure to carry out the repairs.

Therefore, if esure are able to carry out the repairs to Mr G's property, but he chooses to receive a cash settlement, esure are only required to pay a settlement based on what it would cost it to carry out the repairs. And I can see it was Mr G's decision not to use esure's contractor for repairs.

I understand there has been a number of revisions to the settlement esure offered for repairs. However, esure has provided the most recent costed schedule of repairs which shows the repairs to Mr G's property would cost it around £72,000 including VAT. So, I'm satisfied this is the amount it would cost esure to carry out the repairs to Mr G's property.

The settlement esure has issued to Mr G is for around £86,000 and is based on a quote for repairs Mr G obtained from his own contractor. Given this settlement is considerably more than the amount it would cost esure to carry out repairs, which is the only amount it is required to pay, I'm satisfied its settlement offer for repairs is reasonable.

Mr G has said the settlement isn't sufficient to allow him to carry out repairs as the repairs will cost around £94,000. However, the settlement esure are required to pay isn't what it would cost Mr G to have the repairs carried out, but what it would cost esure to carry out the repairs. It's not unusual for these amounts to differ given insurers often have agreed rates with its contractors. As esure has paid a settlement for repairs above what it was required to, I don't require it to increase the settlement it has paid.

Settlement for alternative accommodation

esure has said it will be necessary for Mr G to live in alternative accommodation whilst the repairs to his property are carried out. The terms of Mr G's property state:

- *'Whilst your Home is not habitable following an insured incident, We will provide temporary alternative accommodation until the repairs are complete (practical completion). We will assess the requirements for each claim and determine the type and size of property that will be sufficient for the period. This Policy does not operate a like for like guarantee and instead provides an adequate alternative for the required period'*

So, under the terms of Mr G's policy, esure isn't required to provide accommodation which is identical to his property, but it should be an adequate alternative for the required period.

Throughout Mr G's claim there has been a number of properties put forward by both esure and Mr G, and a number of different settlement offers made. However, esure has offered Mr G a settlement of £9,000 for six months of rent, £400 for electric vehicle charging and £2,000 to cover council tax and utilities, bringing the total settlement to £11,400. It has based this settlement on a property which it considers to be an adequate alternative to Mr G's own. Mr G has said the property this settlement has been based on wasn't adequate for his requirements. So, I've considered whether it was reasonable for esure to conclude the property it based its settlement on was an adequate alternative to Mr G's.

Based on the evidence provided, I'm satisfied it was reasonable for esure to base its settlement on the property it selected. The property met many of the requirements Mr G had specified such as the property type, the number of rooms and the location. I appreciate Mr G raised other concerns about the property, but I'm not persuaded these concerns meant it wasn't an adequate alternative to his own. Although the garage wasn't as large as advertised, the property had enough space for all of Mr G's vehicles. Mr G also raised concerns about the security of the garden for his pets. However, the images provided appear to show thick hedges along the garden, and the notes say esure spoke with the agent who confirmed pets had been there previously without issue.

Given the specific requirements Mr G needed in alternative accommodation, I think it was always going to be difficult to find a perfect alternative property. And as the policy terms explain, the provision of alternative accommodation isn't on a like-for-like basis. In this case, I'm satisfied esure has demonstrated that the property used as

the basis for settlement is broadly comparable in key respects and offers similar use to Mr G's own. While there may be differences in specific features, I don't think these mean esure's settlement was unfair or inconsistent with the policy terms.

Claim handling

The relevant rules and industry guidelines explain esure should handle claims promptly and fairly. I appreciate Mr G has raised a number of concerns about the way esure has handled his claim, however many of these concerns relate to events which occurred prior to the period this decision covers. Additionally, the specific complaint issues esure has addressed in its final response of 19 November 2024 has been considered under a separate complaint. So, to be clear, as part of this decision I've considered the way esure handled Mr G's claim for his building repairs between esure's final response of 27 August 2024 up until its final response of 19 November 2024 and which haven't been considered as part of a separate complaint with this Service.

Based on the evidence provided I think esure handled Mr G's claim as I would expect during this period. I think it took steps to progress Mr G's claim in a timely manner, and was in regular contact with Mr G throughout this period.

I know Mr G was unhappy with the way in which esure spoke to him, and felt it was bullying, harassing or goading him on occasion. However, from the communication I've seen I don't think this was the case. Whilst I'm in no way dismissing Mr G's concerns, nor suggesting he didn't feel this way, I don't think the way in which esure communicated with Mr G was inappropriate.

Mr G has said he believes esure failed to identify him and Ms W as vulnerable consumers, although much of the evidence he has provided falls outside the period this decision covers. During the period this decision covers I think Mr G did make clear to esure the difficulties he was experiencing and the impact this claim was having on his health. However, as I've said, I think esure handled Mr G's claim reasonably during this period.

Mr G has said due to the way his claim has been handled, he has suffered a financial loss. He has provided a letter from his accountant who has highlighted losses in profit and a reduction in turnover, and estimates the loss to Mr G and Ms W to be in the region of £110,000 due to this claim. Whilst I've taken this into consideration, I don't think it's possible to attribute these estimated losses solely to the actions of esure. A claim of this nature will always come with a certain level of distress and inconvenience, even if everything goes smoothly, and there are numerous factors which could impact the turnover or profitability of a business in any given period. In addition, this decision focuses on a narrow period of Mr G's claim in which I don't consider esure has treated Mr G unfairly. So, as part of this decision I don't require esure to pay Mr G for loss of earnings.

Mr G has said due to the way esure has handled his claim, the expenses it has incurred are inflated, particularly around the loss adjuster. He's said this should be corrected as it is necessary for him to declare the total claim value to future insurers and this will impact the premium he has to pay.

I'm not persuaded it is necessary for esure to make a correction to the costs it has recorded as being paid under Mr G's claim. Whilst I acknowledge Mr G doesn't think the loss adjuster provided the appropriate service which ultimately esure has paid it to provide, I don't think this means the costs esure has paid to it should be

disregarded. It's clear the loss adjuster has been heavily involved throughout the claim and provided a service, even if Mr G doesn't agree this has been delivered appropriately. And in any event, I've not seen persuasive evidence Mr G is now paying a greater premium than he would if the claim values recorded were reduced. Different insurers will calculate the premium due in different ways, and not all insurers will take into consideration the value of a claim when pricing its policies.

I know how strongly Mr G feels he has been treated unfairly by esure. However for the reasons I've explained, I don't uphold his complaint.'

esure didn't provide any further comments or evidence to be considered. Mr G provided a detailed response but in summary he said:

- The estimate for repairs of around £72,000 isn't a stable or credible estimate for repairs. And esure's surveyors didn't re-scope or re-inspect the property following drying carried out by Mr G.
- It wasn't Mr G's preference to use his own contractor for repairs. It was due to a severe lack in trust due to esure's previous track history.
- esure made a settlement for alternative accommodation based on a property it was aware was unsuitable. The garage wasn't suitable to store his vehicle and there wasn't enough space on the drive for his three vehicles. esure also acknowledged the garden wasn't secure.
- esure failed to identify his and Ms W's vulnerability from December 2023 and this persisted throughout 2024. And this vulnerability isn't time limited.
- The prolonged occupation of a damp and unsafe property prevented Mr G and Ms W from conducting their business normally. The evidence provided demonstrates a clear correlation between claim mishandling and the disruption to business.

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 as the one I did previously for much the same reasons as before.

Mr G has said the estimate for repairs of around £72,000 is unreliable given the surveyor didn't re-scope or re-inspect the property following further drying. I'm aware following esure's initial settlement offer there has been a number of revisions to the scope of repairs to include a number of items Mr G said had been missed or needed to be corrected. The settlement of around £72,000 including VAT was following these additions or corrections to the scope. So, I'm satisfied it includes the necessary repairs, and it is the amount it would cost esure to carry out the repairs.

Mr G has said it wasn't his preference to use his own contractor for repairs, but was a choice made given the severe lack in trust he had in esure. I acknowledge Mr G experienced issues with esure, but ultimately it was his decision to have his claim settled by way of cash settlement. And this is a decision he is entirely entitled to make. However, I'm satisfied this means esure's limit of liability is what the repairs would cost it to carry out. As I'm persuaded the cost to esure to carry out the repairs would have been around £72,000, I'm satisfied its settlement offer of around £86,000 is more than reasonable in the circumstances.

Mr G maintains the property esure has based its settlement for alternative accommodation on was unsuitable. As set out in the provisional decision, the terms of Mr G's property explain alternative accommodation won't be like-for-like but an adequate alternative. Based on the photographs Mr G has provided of the property; I'm persuaded his three vehicles could fit on the driveway.

Mr G has said he has an endorsement on his motor insurance policy which requires one of his vehicles to be stored in a locked garage, and the garage wasn't large enough to fit this vehicle. I acknowledge this was likely to be the case. But I'm not persuaded this means the property wasn't an adequate alternative. As the policy doesn't operate on a like-for-like basis, I think it's reasonable to accept compromises may be required by both parties, such as discussing the garage endorsement with the motor insurance provider.

And in any event, I've looked at all of the circumstances of Mr G's buildings claim and the settlement esure has paid to settle it. As explained, I think esure has paid a settlement for repairs considerably above what it was required to under the terms of the policy. So, taking this into consideration, alongside the settlement esure has paid for alternative accommodation, I think the way it has settled Mr G's claim is reasonable.

I think it's useful to reiterate that when considering esure's claim handling, this decision is focusing on the period from esure's final response of 27 August 2024 until its final response of 19 November 2024. Mr G has said esure made errors prior to this period, such as failing to appropriately dry his property, and failing to identify him and Mrs G as vulnerable consumers. However, this Service has already considered a complaint about the way esure handled Mr G's buildings claim prior to its final response of 27 August 2024 and so I'm unable to consider this as part of my decision.

I acknowledge Mr G has said he made esure aware of his and Ms W's vulnerability throughout 2024, and I'm not disputing what he has said about this. And I'm in no way suggesting the vulnerabilities Mr G has highlighted, nor the distress he has said he was caused dealing with this claim were no longer present. As part of this decision I've thought about the way esure has handled Mr G's claim during the period this decision covers, alongside what Mr G has said about his and Ms W's vulnerability. Taking into consideration all of the evidence available, I think esure has handled Mr G's claim as I would have expected it to during this period.

Mr G has said there is a correlation between the way esure has handled his claim and the disruption to his business. However, as explained in the provisional decision, I don't think it's possible to attribute losses in profit or reduction in turnover primarily to the actions of esure. A claim of this nature will always come with a certain level of distress and inconvenience, and there are a number of factors which could impact the turnover or profitability of a business. So, I'm not persuaded it would be reasonable to require esure to pay Mr G for loss of earnings.

I know this will be disappointing for Mr G as I know how strongly he feels about the way esure has handled his claim. But for the reasons I've set out above, and in the provisional decision, I don't uphold his complaint.

My final decision

For the reasons I've outlined above, I don't uphold Mr G and Ms W's complaint about esure Insurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Ms W to accept or reject my decision before 29 December 2025.

Andrew Clarke
Ombudsman