

The complaint

Mrs W and T (trustees of Mr W's estate) complain about U K Insurance Limited ("UKI") and the service provided to them after they made a claim on their home insurance policy. They also complain about UKI's decision to cash settle the claim and the impact this created.

T is represented in this complaint by Ms W (Mrs W's daughter). As Ms W has been the main correspondent on the complaint, I will refer to her throughout this decision.

What happened

Mrs W's home was owned in her name jointly with the trustees of her late husband's estate. Her daughter, Ms W, was one of the trustees and the insurance policy with UKI was held in the names of both Mrs W and Ms W. Since bringing the complaint, Mrs W has also now sadly passed away.

In late 2022, there was a water leak at the property. UKI agreed to meet the claim. Ms W and her mother complained about the handling of the claim and the decision by UKI in early 2024 to pay a cash settlement for the value of the repair work needed, rather than arrange and oversee the repairs itself. UKI made the payment in settlement of the claim in March 2024.

Ms W brought a complaint about that to the Financial Ombudsman Service. One of my Ombudsman colleagues issued a final decision on that complaint and determined that UKI's decision to offer a cash settlement, and the amount offered, had been fair. The Ombudsman also noted that UKI had offered to pay for a surveyor to oversee the works.

Following this, UKI agreed to cover storage costs to 13 October 2024, as it said the works should be completed by then (and this allowed two weeks to find a contractor and 28 weeks for the works to be carried out). UKI also confirmed that it would cover up to 9% of the cash settlement value for professional fees for managing the repair works. The cash settlement was £130,000, so the most UKI said it would consider for project managing would be £11,700.

Ms W was unhappy with this and said the storage costs should be paid until the end of the works. UKI agreed to extend cover for the storage to 11 November 2024 but said it would not agree to extend that any further, unless Ms W could show she had been actively progressing the repair works, as the works should have been completed by then but had not started until November 2024.

Ms W was also unhappy as the storage company told her it would have to deliver the items to her or destroy them, if she did not agree to take over payment.

Once the repairs were completed, Ms W submitted an invoice to UKI for the cost of her managing the repairs herself, which she says UKI agreed to. However, UKI refused to pay her invoice, as it said it had been clear that its offer was for the cost of a professional surveyor to oversee the works and not her as a project manager, as the work required a qualified surveyor. UKI also referred to a term within the policy which stated that UKI would pay professional fees, but not fees for a policyholder preparing their claim.

Ms W raised a second complaint about these issues and as UKI did not change its position, she referred the complaint to us. Ms W wants UKI to pay for the rest of the storage costs to when the repairs were completed (June 2025); provide an apology for threatening to destroy her mother's possessions and pay her invoice for the project management. Ms W also wants UKI to acknowledge that it has not followed the Financial Conduct Authority rules and guidelines regarding how to deal with vulnerable customers, by forcing a cash settlement and therefore forcing her to manage the repairs, which has led to severe stress and financial consequences.

One of our Investigators looked into the matter. She did not consider that UKI was obliged to pay Ms W's invoice for project management but did think that there should have been more clarity about the fees for project management that UKI agreed it would pay. So, she said UKI should pay £800 compensation for this and other issues with the claims-handling.

With regard to the storage costs, the Investigator said that the policy provided for storage costs while the property is uninhabitable and UKI said it would pay for 30 weeks storage – allowing two weeks for the works to start and 28 weeks for the work to be carried out. The Investigator said the work did take around 28 weeks to complete but there was a considerable delay in the works starting. She said this was partly due to the lack of confirmation from UKI about a surveyor to manage the work, so she said it should pay storage for the weeks before it offered to pay for the surveyor and for 30 weeks from the date the offer was confirmed *i.e.* 24 May 2024. This therefore meant the Investigator recommended that UKI pay for the storage up to 9 December 2024, an additional four weeks.

Ms W does not accept the Investigator's assessment and has made a number of points in response to the Investigator and in her initial complaint. I have considered everything Ms W has said and have summarised her main points below:

- Because of the lack of certainty about a surveyor or project manager, it was difficult to get a contractor.
- UKI only offered a surveyor when she asked for a project manager.
- UKI should have offered a surveyor as soon as it decided to cash settle the claim, given her mother's vulnerabilities, but declined her request for one twice.
- She didn't live at the property and was only involved in the claim as her mother's carer. She is a qualified project manager, and had effectively completed work for a house she didn't live in or get any benefit from; and she gave up her job to manage the works. So UKI should pay her invoice.
- There was no suggestion that the project manager had to have any particular qualifications.
- Her mother paid her for doing this and should not have been out of pocket.
- She didn't have the same access to a repair network as UKI, so could not arrange the repairs to start as quickly as UKI might have been able to. UKI based its decision to end storage on a theoretical timeline from its own builder.

- UKI threatened to destroy sentimental items if they were not removed from storage. Her mother was 96 and the insurer was threatening to dump all her possessions outside Ms W's house (not the insured property) or destroy them. The storage company told her they had been asked for quotes to destroy the possessions even while UKI was supposed to be considering her complaint.
- She had to manage the care of her mother and the repair works and has her own medical conditions that impact her life expectancy.
- The terrible service from UKI has meant she had less time for her mother, as she had to spend so much time dealing with UKI and managing the repairs. UKI's actions and lack of consideration caused a deterioration in her mother's quality of life in her final years.

UKI does not accept the Investigator's assessment either. UKI says it does not think Ms W was actively arranging contractors initially and says there's no evidence that the delay in starting work was justified. If the Investigator thinks otherwise, then she must have evidence to support this which it has not seen. It does not therefore consider it fair that it pays for any additional storage costs.

As the Investigator was unable to resolve the matter, it has been passed to me.

Ms W has asked that I contact her to talk through the complaint before issuing my decisions. Deciding ombudsmen don't routinely talk to either party to the complaint, as fairness would usually require that both parties be involved in any discussion at the same time. We may however decide it is necessary to do so, if there is information that is unclear or a dispute about the facts of the case that we consider can only be clarified by discussing it with the parties. Ms W has made her case clearly in writing to the Investigator. I have been provided with all the correspondence and with notes of the telephone communications between Ms W and UKI and between Ms W and the Investigator. The evidence and positions of both parties is sufficiently clear and so I don't consider it is necessary to discuss this case with the parties.

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.

I can see this has been a long saga for Ms W. The claim started in 2022 and the property was not restored until 2025. I also understand Ms W has a condition affecting her mobility and her mother was elderly and vulnerable.

As the Investigator has already explained, I cannot consider or comment on the decision by UKI to cash settle the claim, as this has already been the subject of a final decision from our service. I can only consider whether Ms W should be paid for project managing the works and the handling of the storage costs.

Project management

The policy provides cover for certain professional fees, in addition to the cost of repairs as follows:

“Professional fees

We will pay fees for chartered architects, surveyors, suitably qualified consultants and legal fees necessary for us to rebuild your home.

- *We won't pay any fees for preparing your claim”.*

I think it is clear this is for necessary professional fees, rather than paying the policyholder to manage their claim.

However, Ms W has said she has worked as a project manager and UKI agreed to pay her to take this role. Ms W has also referred to some decisions made by the Financial; Ombudsman service in which insurers have paid policyholders to carry out work related to their claims. I agree that in some circumstances, where a policyholder might hold the particular skills or qualifications required to undertake a task that would otherwise be undertaken by a third party, it might be reasonable for them to do it and be remunerated for it. After carefully considering everything Ms W has said and all the information provided to me, I do not however, consider that this is the situation here. I will explain why.

On 8 May 2024, Ms W asked about having a project manager to oversee the repairs and in response UKI wrote on 9 May 2024: *“Insurers are agreeable to paying a fee of 9% up to the agreed settlement of £130,000. For this to be paid, I will need sight of the surveyor’s invoice for payment to be released at the end of the work.”*

Ms W replied: *It would not be a surveyor. It would be either paying a builder or paying me to take time out to manage this over the summer.”*

UKI wrote again on 13 May 2024: *“Regarding the fee of 9% it will be either for a surveyor or for somebody to project manage the works. I should have made that clearer in my email”.*

Ms W wrote on 24 September 2024: *“Regarding the amount of 9 per cent below for a project manager or surveyor. Please could you clarify, is your expectation for this to be taken out of the 130K building cost settlement or would this be an incremental amount to the amount already paid for building costs pls?”*

UKI replied on 27 September 2024: *“The 9% fee that we have agreed is on top of the £130,000 so the most that would be considered is £11,700”.*

In its submission to us, UKI said it was clear it agreed to consider the costs of a qualified surveyor only and not a project manager as the work required to the property needed a qualified surveyor. However, given the emails cited above, I do not accept that UKI made this sufficiently clear. I think the emails show that there was a lack of clarity.

I do think it was clear that UKI intended a professional project manager but I can see why Ms W interpreted its response to her suggestion that she might manage the works as meaning that she was authorised to charge for her time. UKI did not explicitly state that it would only pay for a qualified surveyor and did not clarify that it would not consider Ms W managing it herself. I think therefore there was a misunderstanding that should have been clarified.

In light of this misunderstanding, I have therefore considered the invoice submitted. The invoice is for the maximum amount that UKI said it would pay, *i.e.* £11,700. It does not itemise the time Ms W spent on any tasks but generally refers to sourcing materials and managing supplier and sending VAT invoices to UKI and attending the property to allow deliveries and tradesmen in.

Ms W has said she is a qualified project manager. I have not, however, seen any evidence that she has qualifications or experience in managing construction projects. The tasks that she has referred to also do not seem to me to be over and above what a householder would be required to do when organising work at their property. Ms W says she was doing this for a property she did not live in and was only doing so to help her mother. However, Ms W was a joint policyholder, and so it seems to me she was acting in her capacity as a joint

policyholder, with a financial interest in the property, and not as an independent representative. As mentioned above, the policy does not cover the costs of Ms W managing her own claim.

Having considered everything, I do not think that Ms W has established that she undertook the equivalent of professional project management. In addition, even if some of the tasks she undertook could be considered professional project management, there is no reliable evidence that she has made reasonable charges for them, given she invoiced for the maximum UKI said it would pay with no break down of time spent, or hourly rate for instance.

UKI agreed to pay a professional if Ms W did not want to do it, so while I imagine she may say that it has therefore saved that money, that does not mean UKI should pay Ms W the maximum it would have paid the independent professional.

Given all that I have said, I do not therefore think that I can reasonably require UKI to pay her the £11,700 Ms W has requested.

I agree with the Investigator that there should instead be an award of compensation to reflect the lack of clarity here but I do not agree UKI should pay the invoice Ms W has submitted. I will address the compensation below.

Storage costs

The policy held by Mrs W and Ms W provided for “*the cost of temporarily storing your contents while your home is uninhabitable*”. However, UKI is only obliged to pay the storage costs for as long as reasonably necessary. I have therefore considered what happened carefully.

The main repair works started in November 2024 and were finished in June 2025. So, in total once started the work took around 28 weeks, which is roughly what UKI estimated. However, UKI said the time between March (when it cash settled the claim) and November 2024 (when the works started) was due to Ms W not actively making arrangements. It therefore does not accept it is fair to require it to pay for the storage until June 2025.

I think the allowance of two weeks to find and appoint contractors was not realistic. I say this because, the settlement was for £130,000, so the scope of work was clearly substantial. It seems to me that it would take some time to find a reputable contractor able to take on that scope of work within a reasonable time. I also bear in mind that it would likely take longer for a policyholder to find contractors than it would do for UKI and its loss adjusters. In the end, Ms W had to employ the different trades individually and coordinate them herself.

However, I also do not think it is reasonable to require UKI to pay the storage costs up to June 2025, as I do think the work could have started sooner than they did.

I can see there were concerns on Ms W's part about the VAT elements, how the payments to the contractors would be managed and how the project would be managed. I think it was reasonable for her to want answers to these issues before instructing contractors. These would therefore have added to the lead time but does not explain the total time before works started (around eight months).

The Investigator suggested that UKI should pay the storage for the period between its settlement and the date it offered to pay a project manager, and for 30 weeks after making that offer, which would take it to 9 December 2024.

I think this is fair and reasonable overall, as it reflects a more reasonable amount of time for

Ms W to find and instruct contractors and allows for the time to resolve the issues raised before appointing contractors. I therefore agree that UKI should pay the storage with effect up to 9 December 2024, together with interest at our usual rate. (I understand that UKI has already paid up to November 2024, so it only needs to pay the amount between then and 9 December 2024 now.)

Compensation

I can see this was a long saga for Ms W and her late mother. The claim started in 2022 and the property was not restored until 2025. I also understand that Ms W has a condition affecting her mobility and life expectancy and her mother was widowed and elderly. This was clearly a very trying time for them. And I agree that Ms W and her mother were both vulnerable and in a difficult situation.

Ms W is particularly upset over what she considers were threats to destroy her mother's possessions, or 'dump' them outside her house if she did not agree to pay the storage facility at the end of the period UKI said it would pay up to.

I can understand this would have been upsetting. I am satisfied that this, together with the lack of clarity over the project management fees, caused unnecessary and avoidable distress and inconvenience.

I can also see in correspondence that Ms W told UKI her job at the time was coming to an end in June 2024 and she would need to travel away if she took a new job. Therefore, Ms W says she gave up the opportunity of a new job to be able to support her mother. I can see this might have played a part in the decision-making at the time but I do not consider it is clear that Ms W lost earnings as a direct result of anything done wrong by UKI. I also bear in mind that she was a policyholder and had duties as trustee of her father's estate. Overall, I do not think that any enhanced compensation for the impact on her career, or loss of earnings, is warranted.

Having considered everything carefully, I agree with the Investigator that the sum of £800 is appropriate to reflect the trouble caused by the lack of clarity about the project management fees and the way the communications about the storage of her mother's contents was dealt with.

My final decision

I uphold this complaint against U K Insurance Limited and require it to do the following:

- reimburse the storage costs paid by Ms W up to 9 December 2024, together with interest at 8% simple per annum on the amount to be reimbursed to the date of reimbursement; and
- pay £800 compensation for the distress and inconvenience caused by this matter.

Under the rules of the Financial Ombudsman Service, I'm required to ask T and the estate of Mrs W to accept or reject my decision before 27 February 2026.

Harriet McCarthy

Ombudsman