

The complaint

Mr F complained about the settlement esure Insurance Limited (“esure”) offered following damage caused to his garage and a wall, under his home buildings insurance policy.

What happened

A car collided with a wall and garage at the rear of Mr F’s home causing damage. He made a claim to esure, which it accepted. However, he said the amount he was offered to settle his claim won’t cover the full cost of the repairs.

Mr F was told that the quotes he obtained include work that amounts to betterment. He disagreed and said he should not have to reuse damaged materials as this will result in a leaking roof. esure didn’t increase its settlement offer so Mr F complained.

esure sent two complaint responses. The first dealt with delays. Mr F was paid compensation for this. I’m not considering this here. The final complaint response set out esure’s view that several elements of betterment were included in the quotes Mr F provided. It maintained that its settlement offer was fair to return him to his pre-loss position.

Mr F didn’t think esure had treated him fairly and he referred the matter to our service. Our investigator didn’t uphold his complaint. He thought esure’s explanation in support of its settlement offer was fair. Given the pre-existing issues he didn’t think esure should have to pay more.

Mr F didn’t accept our investigator’s findings and asked for an ombudsman to consider his complaint.

It 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 I’m not upholding Mr F’s complaint. I’m sorry to hear about his health concerns. This must be an upsetting time for him and his family. I regret that I can’t provide better news with regards to his complaint. But I’ll explain why I think my decision is fair.

esure doesn’t dispute that Mr F incurred an insured loss under his policy terms. So, I needn’t consider this point further. My focus is on the settlement esure offered. And whether it treated Mr F fairly by offering a cash payment and for the amount it confirmed.

Mr F’s policy indemnifies him against insured losses. This means that when dealing with his claim esure must put him back in the same position he was in prior to the loss occurring.

I’ve read Mr F’s policy terms and conditions to understand more about his cover. Under the heading “*How we settle your claim*” the policy says:

"We can choose to:

a) pay the cost of work carried out to rebuild, replace or repair your buildings; or

b) arrange for your buildings to be rebuilt, replaced or repaired. We won't pay any extra cost for extending or improving your buildings following a claim."

This is a common term seen in insurance policies. It essentially means that it's for esure to decide how to handle any claim. We don't think this is unfair, as it's the insurer that pays any claim costs. But esure must still treat Mr F fairly in how it decides to deal with the matter.

A surveyor was sent to inspect the damage to Mr F's property after the collision occurred. The surveyor reported that the damage wasn't suitable to be repaired by esure's network of repairers. In support of this she provided the following comments:

"The property used to be a shop and at the rear is a make shift store room which has UPVC panels resting on it as a roof, these have been patched many times over the years. The gutter is hanging down, this was clipped to metal sheets which are being held up by rotten timbers The metal sheets, roller shutter and double skin wall require replacement. The wall has an inherent lean which is unrelated."

I've looked at historic online images taken from Mr F's street to see what his property looked like prior to the damage. The end section that abuts the rear wall is made up of an industrial retractable roller door. From these images the rear wall does appear to lean. The side of the structure next to the roller door, adjacent to the street is made up what appears to be corrugated metal sheets. This is referred to as metal cladding by esure's claim handler.

The roof of the structure is made up of panels that are held down in places by bricks, I can also see what appears to be loose planks of wood on the roof. There are a number of different panels used in the roof covering. This supports the surveyor's comments that the roof was patched multiple times over the years. A large section of guttering is hanging off the roof panels. Overall, the images show that the structure and rear wall were in a poor condition prior to the damage occurring. The structure doesn't look to have been constructed to a professional standard when first built. I think the surveyor's reference to a *"make shift storeroom"* is a fair description.

I have read the scope of works ("SOW") esure obtained. From the claim records it wasn't clear if the boundary wall was entirely Mr F's responsibility. However, esure agreed to pay for this in full. The SOW provided for a full rebuild of this wall using new materials. It included the provision and installation of new metal cladding for the side wall. As well as a new industrial roller shutter and replacement roof panels for those that were damaged in the collision.

The SOW allows for fixings needed for the repairs to the roof but makes clear that undamaged roof panels are not included. The total amount, including VAT, for the materials and repairs was costed at £11,903.64. esure has confirmed that this was calculated based on non-affiliated contractor rates, as opposed to the more favourable rates it would pay its network of contractors. I think this was fair as the repairs were not to be arranged by esure. It also included VAT to this figure. Most insurers will withhold any VAT element until a VAT invoice is provided for the work carried out. In the circumstances I think it was reasonable to include VAT.

I've compared the SOW against the quotes Mr F obtained. These came to £18,790 and £21,250. Both include the provision and installation of new roof joists and a new roof recovering.

Mr F's policy does not provide for improvements, it only provides for a reinstatement. The inspecting surveyor described rotten timbers holding up a make shift roof. Additionally the historic photos from 2022 show bricks holding the roof covering in place. The construction method has been shown not to be to a professional standard and the condition of the structure was poor. Based on this information it's clear that Mr F's intended repairs involved considerable betterment to this structure.

In these circumstances I think it was fair for esure to offer a settlement payment. We expect any repair esure arranges to be effective and long-standing. But in this case its contractors could not reinstate the building and meet this requirement, without adding significant betterment to what was originally in place. A professional contractor would not be able to guarantee its work if it were to reinstate the structure as it was prior to the collision.

In summary, although I'm sorry that Mr F is disappointed with the settlement he was offered - I don't think esure treated him unfairly when it relied on his policy terms and offered him the settlement it did. So, I can't reasonably ask it to do anymore.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 21 January 2026.

Mike Waldron
Ombudsman