

The complaint

Ms B and Mr M complain about how Accredited Insurance (Europe) Ltd ("Accredited") dealt with a claim they made on their home insurance policy following an escape of water.

Ms B and Mr M are joint policyholders but for ease I'll refer to Ms B since she brought the complaint to this service.

What happened

In December 2022 a water pipe burst in Ms B's home causing extensive damage so she reported it to her home insurer, Accredited.

Accredited appointed a contractor to validate and manage the claim. From the outset Ms B says there were numerous delays and by August 2024 the repairs still hadn't been completed. Ms B also had to move out of her home while works were ongoing.

Accredited provided Ms B with a cash settlement offer in lieu of repairs but the offer wasn't broken down so Ms B wasn't able to ascertain whether it would cover the cost of the repairs. Initially Accredited told Ms B to obtain a quote for the work, and then it agreed to scope the work itself. The work was tendered but there were issues with contractors from the outset. This led to delays and further damage to Ms B's property.

Ms B raised a further complaint after Accredited advised that her alternative accommodation cover had been exhausted and no additional costs would be met. Accredited also reduced its settlement offer following the insolvency of the kitchen supplier, which resulted in the loss of the deposit. Dissatisfied with the service provided, Ms B escalated her concerns.

Accredited didn't uphold the complaints but did accept there had been some delays in the handling of the claim and awarded Ms B £450 for the distress and inconvenience caused. Ms B wasn't satisfied with the response from Accredited so she referred her complaint to this Service.

The Investigator reviewed the evidence and concluded that Accredited's handling of the claim involved extensive and avoidable delays, which caused Ms B considerable distress and inconvenience, further exacerbated by poor communication and lack of updates regarding repairs. To address this, the Investigator recommended a compensation payment of £1,500 for distress and inconvenience. Additionally, she recommended that Accredited deduct 12 months' worth of alternative accommodation costs from the overall liability, reflecting the identified delays, and continue covering Ms B's accommodation expenses while the claim remains unresolved. Finally, the Investigator recommended that Accredited pay £34,560 to cover the outstanding amount for the reinstatement of Ms B's kitchen.

Ms B agreed to the Investigator's recommendations. Accredited didn't. It said Ms B received two payments for the kitchen – one was paid to the contractor directly so its obligation has been discharged. Accredited said the kitchen contractor offered to make the cabinets for Ms B despite going into liquidation so she could have considered this option preventing any further need for alternative accommodation. Accredited also disputed the alternative

accommodation recommendation because it said if Ms B had replaced the kitchen her home would no longer be uninhabitable.

Because an agreement couldn't be reached the complaint has come 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've reached the same overall conclusions as the Investigator and I uphold this complaint.

I should explain that I won't be repeating the entirety of the complaint history here in my decision, or commenting on every point raised. Instead, I've focussed on what I consider to be the key points that I need to think about in order to reach a fair and reasonable conclusion. This reflects the informal nature of this Service, and our key function; to resolve disputes quickly, and with minimum formality. However I want to assure both parties I've read and considered everything provided.

A claim of this nature, involving restoration works in key areas of the home, was always likely to cause significant disruption and stress for Ms B. My role has been to carefully consider how Accredited's handling of the claim may have added to that impact, beyond what could reasonably have been expected.

Claim handling

Based on everything I've seen from the time Ms B reported the damage to her home to when she complained about the service received, it's clear there have been avoidable delays by Accredited in dealing with this claim.

On review of the timeline of events, I think Accredited should have been able to establish the required works sooner than it did, and taken steps to ensure the property was actually dry. I think Accredited should have managed Ms B's expectations better than it did. Its clear Accredited's handling of the claim caused significant distress for Ms B. The situation caused her a lot of worry and day to day disruption, in addition to her being out of her home for a prolonged period.

The relevant industry rules say an insurer should handle claims promptly and fairly. The burst pipe occurred in December 2022 and Ms B has spent around three years trying to get her home in order so she could move back in. So, I don't think Accredited has dealt with the claim promptly or fairly. In some cases, decisions and actions taken by Accredited compounded the distress for Ms B. So, I'm upholding this aspect of the complaint.

Alternative accommodation

Most buildings insurance policies provide cover for alternative accommodation. The purpose of the cover is to pay for the reasonable additional costs of temporarily rehousing the policyholder when their home becomes uninhabitable. We consider 'additional' to mean costs above and beyond what a consumer would usually pay, if the claim hadn't arisen.

Accredited says the sum insured limit for alternative accommodation is £60,000 and that was reached in April 2025. Ms B asked for a breakdown for how the alternative accommodation was calculated but Accredited didn't provide one. Accredited say Ms B was in a better position since she received more by way of alternative accommodation payments than she would have if she rented out the property she was staying in. It says because of this, Ms B has been fairly compensated for staying at her rental property. But I don't agree. Ms B was staying at her rental property because she was not able to live in her home. She was four hours away from her normal life and was dealing with the stress of the major repairs to her home, from a significant distance away.

There are around 12 months of avoidable delays caused by Accredited throughout the life of the claim. The Investigator recommended that 12 months' worth of payments for alternative accommodation should be deducted from the cost of the claim. This means that the indemnity limit hasn't been reached and so should Ms B need further alternative accommodation there is provision for it. I can see Ms B says the building work has been completed, but she had been experiencing intermittent hot water and heating. So if Ms B is unable to move back into her home, Accredited would be responsible for any further costs in respect of the same.

Further, if Ms B can demonstrate additional costs incurred for accommodation from April 2025 to when her kitchen was reinstated, Accredited should consider these under alternative accommodation.

Any additional costs such as council tax should be considered by Accredited – but separate to any claim for alternative accommodation.

Reinstatement of the kitchen

Ms B's kitchen was going to cost around £70,000. Accredited paid a specialist kitchen contractor £34,560 in April 2024 by way of a deposit. Unfortunately the contractor went into liquidation in April 2025 so was unable to complete the kitchen as agreed, and the deposit was lost. Accredited say its obligation is to cover the costs associated with the kitchen reinstatement on a like for like basis, and when the deposit was paid it met this obligation.

Accredited said the remainder of the balance was still being considered as part of the claim. It said it had tried to work with Ms B to provide an alternative solution but Ms B refused to proceed with anything other than a like for like kitchen.

I have thought carefully about what Accredited has said here but I don't agree with its position. Accredited does need to cover the costs of reinstating the kitchen on a like for like basis, but I don't think by paying the deposit it has discharged its obligation. The purpose of the insurance policy is to indemnify Ms B, that is, settle the claim fairly without her losing out. And in failing to provide a like for like kitchen Ms B is losing out – she is being compelled to accept a kitchen that doesn't match her own or has to pay significantly more to get that.

So, I don't think Accredited has treated Ms B fairly here. Accredited has a duty to act in Ms B's best interests to ensure she is properly indemnified for her loss. Since Accredited has agreed to deal with the claim, it should cover the cost of rectifying the damage as agreed. I'm upholding this part of the complaint and intend to direct Accredited to pay the costs lost when the contractor went into liquidation; that is £34,560.

Accredited have said the kitchen contractor offered to build the cabinets for Ms B despite going into liquidation. I haven't seen any evidence of that being put to Ms B by either Accredited or the kitchen contractor. But in any event I don't think it's fair to expect Ms B to

accept a kitchen from a contractor who has gone into liquidation as she wouldn't have any protection if something went wrong with the kitchen after it had been fitted.

Distress and inconvenience

A claim of this nature was bound to be both disruptive and stressful for Ms B. However, I must determine the additional impact caused by Accredited, beyond what could reasonably be expected from its handling of the case.

I can see from the information provided that Ms B spent significant time and energy in trying to engage with Accredited to get her home back into the condition it was in prior to the escape of water. And I don't underestimate the stress this has caused her.

Accredited accept there were delays in its handling of the claim, together with poor communication and a lack of proactivity. Accredited offered Ms B £450 to apologise for this.

Our Investigator didn't think that went far enough to recognise the impact or length of the delays – and I agree. To reflect the distress and inconvenience to Ms B, I think compensation in the amount of £1,500, including £450 already offered, is fair and reasonable and in line with the awards we make.

Putting things right

I've taken the view that Accredited have acted unreasonably and so it should;

- Reinstate Ms B's alternative accommodation in line with the terms of the policy; deducting 12 months of costs from the overall liability for alternative accommodation,
- Consider additional expenses incurred by Ms B whilst living in alternative accommodation,
- Pay Ms B £34,560 for the remainder of the kitchen replacement costs,
- Add interest to the above amount at a rate of 8% interest per year, from the date Ms B was paid settlement for the kitchen to the date she is reimbursed.
- Pay Ms B £1,500 for the distress and inconvenience caused.

My final decision

For the reasons given above, I uphold this complaint and direct Accredited Insurance (Europe) Ltd to put things right by doing what I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B and Mr M to accept or reject my decision before 19 January 2026.

Kiran Clair
Ombudsman