

The complaint

Mr S has complained about his loss assessor Hill Mathieson Limited which he had instructed to assist him with a claim to his home insurer for water damage.

What happened

In October 2024 there was a burst pipe in the flat above Mr S's home. His flat was damaged and he made a claim to his home insurer, instructing HM to act for him. A scope of works was drawn up by an HM contractor, submitted to the insurer and costs were agreed. The insurer settled for the scope of works in two payments, the final payment being made to HM on 3 December 2024.

Before that final payment was made HM's contractor walked off the job, HM terminated the agreement between it and Mr S and offered to pay him the costs agreed with the insurer for what it said were the remaining works. Mr S, after the insurer's payment was made, said he'd accept the sum offered by HM as an interim payment but he needed more to finish the work. He later obtained a quote which also identified use of incorrect plasterboard. HM wasn't prepared to pay more than it had already offered. It said that offered sum was paid to Mr S in April 2025. It issued a complaint final response around that same time.

Mr S remained unhappy. He complained to the Financial Ombudsman Service. He said he never received payment from HM. He said they'd left his home in a terrible state, they'd charged things to the claim such as for the cost of removals, when really they did little work in that respect. He'd incurred storage costs for belongings. He said HM should be made to pay him the total cost the insurer had paid it, as well as compensation.

Our Investigator wasn't minded to require HM to pay Mr S the whole settlement sum the insurer had paid. But she thought it had failed Mr S and said it should do a number of things to put that right.

Neither Mr S nor HM were happy with the outcome and suggested awards. They both replied at length setting out their respective views on what had happened and what they felt the other had done wrong and/or was liable for. Mr S was also unsure why our Investigator had said she could only consider what had happened up until 3 December 2024.

The complaint came to me for an Ombudsman's decision. I was satisfied that I would only be able to consider Mr S's complaint as far as it related to "regulated activities" undertaken by HM. So I wouldn't be able to consider what HM had done regarding the carpets or anything HM had done after 3 December 2024. I've issued a separate jurisdiction decision in this respect. This decision will now focus on the parts of Mr S's complaint I can consider.

I've already explained to both parties, in a provisional decision, what my views are on those parts of the complaint I can consider. I said provisionally:

"Removal

Mr S has challenged the cost of removal which HM set out in the schedule of works (£890). The insurer paid for this work as part of the claim settlement. Mr S thinks HM did not do the work paid for so it can't fairly keep that sum – he should be paid it. Whilst I can see why Mr S might think this, that sum was agreed by the insurer and paid by it for that work. Mr S says he had to help HM and it did not do all the work as claimed for. Whether or not that is the case though, and HM disputes it, Mr S is not out of pocket as a result. Simply put he did not pay someone else to do that work instead. I'm not minded to require HM to pay to Mr S the £890 which the insurer paid HM for removal.

Hallway and storage

The leak was from above the bathroom, water flooded out of the bathroom and into the hallway and kitchen. Mr S rolled up the wet carpet in the hallway quite quickly, HM placed drying equipment in the hall but didn't present costs to the insurer for reinstating the skirting or plyboard flooring in the hallway. I see Mr S has since presented costs for replacing these items with a comment from the contractor of "defective repairs" and "inappropriate materials" used in the hallway.

HM did not reinstate any part of the hallway. So I'm satisfied it did not put any "inappropriate materials" in place. The contractor has not said how repairs were "defective". It's possible this refers to the need for replacing the skirting and plyboard which had been in contact with the sodden carpet. However, I've seen nothing that makes me think they were water damaged – or even that HM, as expert claim handlers, should have thought they were damaged and added them to the schedule of works to claim for from the insurer. I don't intend to require HM to pay Mr S to replace the skirting and plyboard.

It might similarly be argued that HM should have approached the insurer to have it cover the cost of storing contents items to facilitate the building claim reinstatement work. That is quite a usual thing for a buildings insurer to cover. So I think that if HM had approached Mr S's insurer, it would have agreed to cover storage costs for a reasonable period to allow for reinstatement works to be done. Indeed it agreed for the cost of removing items to storage – but costs for storage itself were not presented by HM. I think it failed in this respect to effectively assist in the administration and performance of the contract of insurance.

That said, given the work to be done, I don't think the insurer would have allowed for storage costs for more than a month. And I see that HM has reimbursed Mr S the cost he incurred for one month of storage (assuming it made the April payment). So I think HM has offered a reasonable resolution for this failure. As such I don't intend to require it to pay anything more for storage.

I've dealt with Mr S's reported ongoing storage costs, beyond mid-December 2024, further on in my decision.

Kitchen

When HM said it would settle with Mr S for the outstanding reinstatement works, it told him only works in the bathroom were outstanding. And its settlement offer was based on the bathroom costs only. HM has since told our Investigator that it did not complete any of the work in the kitchen. I intend to require HM to reimburse Mr S for the cost of kitchen work claimed for from, and paid to it by, the insurer. It will have to add interest to that sum applied from the date it paid Mr S for the other outstanding work, which it says was in April 2025, until payment is made.

Settlement (incomplete and poor work including the bath)

On 2 December 2024 HM said the only work outstanding was for the bathroom and the cost for that work from the schedule was £2,902. It said that it would pay that sum to Mr S. With the exception of the comment I've made above about the kitchen, I think that was fair of HM – it had agreed a cost with the insurer under the claim for the insured work, it had done some of that work and it was prepared to pass the cost for the remaining work to Mr S. In this way, the kitchen aside, HM was ensuring Mr S received what he was entitled to under the claim – effectively it was ensuring the contract of insurance was performed. I can't reasonably require it to do more than that.

But, regarding the works HM did carry out, they needed to be done to a reasonable standard. Mr S has made a number of allegations about poor work. I note he's referenced certain building standards. But I also note those standards are issued by a company which generally deals with new build homes. So I'm not persuaded those standards would apply here. In any event, the only expert opinion Mr S has provided about poor work was made in a quote for re-work and, regarding defective work, the expert only clearly identifies incorrect plasterboard having been fitted in the bathroom. I know HM has seen this evidence – its position is the quote includes betterment and it says it did not do any poor works – rather its work remained incomplete (which it dealt with by its offer to settle the cost of that incomplete work). I've considered then what Mr S's expert evidence shows.

The expert says incorrect – non-moisture resistant – plasterboard was used. He quotes to replace the ceiling plasterboard and all of that fixed to the walls. I've not been shown anything which would give me cause to doubt his view that the plasterboard in place is not moisture resistant. So I'm prepared to accept that is the case. But I have to bear in mind that HM did not replace all of the plasterboard in the bathroom as part of the claim. The insured work was agreed to replace the ceiling plasterboard in its entirety and then about half of the wall area. The quote is also not broken down beyond rooms. So whilst I know the contractor will charge around £6,000 for all the work needed to finish the bathroom reinstatement, I've not been shown what the cost for resolving the defective work is. I am satisfied though there was poor work and that HM should make a payment to allow that work to be resolved. Given the size of the area in question and roughly thinking about general costs of materials plus labour, I think that the area of plasterboard fitted by HM could reasonably be replaced with moisture resistant boarding for £750. If either party wants to propose a different sum, I'll consider it. Otherwise I intend to require HM to pay Mr S £750 to replace plasterboard.

Mr S says HM's contractors scratched the bath. I understand that Mr S feels strongly that the bath was not scratched before they did work. But beyond Mr S's testimony in this respect there is no evidence which shows that. And an enamel bath, as Mr S had, would suffer general wear and tear damage such as scratches. It would only be if I'm satisfied HM most likely caused damage to the bath whilst undertaking its work that I'd be likely to require it to make up for that.

I have seen a photo of one contractor crouched in the bath (working on the wall behind the bath). But that wouldn't necessarily mean he was scratching the bath. I also bear in mind that HM has also presented a photo of items stored in the bath by Mr S. I know this was done to allow access for HM's initial damage assessment. But, even if Mr S had been careful about placing those items in the bath, they might still have scratched it. So it's by no means clear that the scratches Mr S found in his bath after HM had worked in the bathroom, were most likely caused by it. They might have been caused by general wear and tear, they might have been caused by its contractors or they might have been caused by items being stored in the bath. I'm not currently minded to say HM reasonably needs to do anything regarding the scratched bath.

Contract termination and fees

I'm aware of the relationship between Mr S and HM breaking down. In short HM felt Mr S was behaving unreasonably and Mr S thought HM's contractors were behaving unprofessionally. I think it's fair to say that both parties came to an understanding in late November 2024 that continuing to work together was untenable. I'm not going to go into much detail here though about what was said and done by both. That's because the terms of the contract in place between the parties mean I don't need to make a finding in that respect.

The contract allows either party to terminate. Importantly for my consideration here, HM can terminate the contract if its client, Mr S, interferes with or obstructs its reinstatement work. Here, Mr S objected to how the contractor was planning on tiling the bathroom (standing in the bath) and he later said it would be best if the contractor did not return. In the circumstances, given what the agreement between the parties allowed, I think it was reasonable for HM to terminate the contract.

The terms of the contract set out that fees will be charged when a contract is terminated. It's not entirely clear to me if, when fees are charged following termination, that would be at a percentage of the claim cost or at an hourly rate, the terms refer to both. I do see here that, at one stage, HM told Mr S it had completed 100 hours of work on his claim so its fees would be £8,500. However, it went on to confirm that there were claim costs and some non-claim costs outstanding, totalling £3,572. With that sum being the amount it had offered to pay Mr S on 2 December 2024. HM confirmed that it would pay that sum to Mr S and said it did pay it in April 2025. So I think HM was satisfied to forego its right to charge Mr S in line with their agreement being terminated – otherwise it would have merely off-set the sums it felt were owed to Mr S, rather than paying them to him. It wouldn't be fair, in my view, for HM to revise its position on charges at this late stage. So I intend to include a direction that it will be precluded from reverting to Mr S for payment of any termination fees.

Payment of £3,579.81

As a matter of completeness, I'd like HM to show our Investigator proof of the payment for £3,579.81 being made. But I'll also ask Mr S to speak with our Investigator, who will share with him details of the date on and to which account HM has said it paid this sum. This may allow Mr S to trace the payment being made even whilst HM is providing any proof it has which may show that it was. The sum of £3,579.81 included the settlement offered for work in the bathroom and storage until mid-December 2024 (totalling £2,941.06). If I think HM did not pay the sum of £3,572.81 to Mr S in April 2025, I'll likely now require it to pay him the sum of £2,941.06 – this smaller sum being the figure HM applied for the outstanding work in the bathroom and storage. If I require this sum to be paid, because contrary to what HM has said it wasn't paid in April 2025, interest will have to be added, applied on the sum from 11 April 2025, the date it said payment was made, until it now is made.

Mr S may argue that HM should have paid this sum sooner. However, I note that when the offer was made on 2 December 2024 it wasn't caveated by HM as being full and final. All HM asked for were Mr S's bank detail so it could expedite payment for that week's bill run. Had Mr S simply passed his bank details to HM on 2 December that payment would, I'm satisfied, have been made. But that did not happen and on 3 December 2024 the insurer's claim settlement meant HM's regulated activity ceased. Which means I can't consider if, after this date, HM failed Mr S by not paying him this sum (offered during the period of regulated activity) until April 2025.

Ongoing storage costs

I've explained above that storage to mid-December 2024 was taken into account by HM within its settlement offer made on 2 December 2024. I know Mr S has reported costs of £140 for each month thereafter. However, I'm not currently minded to require HM to pay anything for Mr S's ongoing costs.

That's because I'm currently satisfied that Mr S's ongoing costs were not incurred because of any failure by HM in carrying out regulated activity. And for me to make an award against a respondent business I have to be satisfied that the loss stemmed from a failure.

The costs for storage continued because items had been moved out of the flat for work to be done, with the contract for work then being terminated before the reinstatement was completed. But I've found that HM acted reasonably in terminating the contract. So the loss for Mr S here – the ongoing storage costs – stemmed from a reasonable action by HM, not a failure. As such I'm not minded to make HM cover any of Mr S's costs for storage incurred beyond mid-December 2024.

Compensation

I know this has been a difficult time for Mr S. I understand that living in his unprepared flat has been uncomfortable and inconvenient. However, as with the ongoing storage costs, for me to make an award, there must've been failures by HM in carrying out regulated activities.

So if upset was caused by any unregulated activity – such as how HM dealt with Mr S's neighbour regarding the carpets – I can't consider an award of compensation for that. Further if upset was caused on account of a reasonable action by HM, undertaken as part of regulated activity – such as terminating the contract without completing works – I can't fairly award compensation for that. And I've said that the work stopped, leaving the flat in a state of disrepair because HM reasonably terminated the contract. Which all means that I can't fairly award compensation to Mr S for the upset he suffered.

As explained above, I did find, regarding regulated activity, there were some failures by HM. But, in my view, they were not the cause of any significant upset Mr S has suffered. Rather I'm satisfied, from everything I've seen, that Mr S's distress was mainly caused by the reinstatement contract not being fulfilled. So, on this occasion, I'm not minded to say HM should pay compensation to Mr S."

HM said it would make a settlement to Mr S for the kitchen work. It confirmed it had not paid the settlement of £3,572.81 to Mr S in April – a mistake had caused this to not be paid. It said it disagreed regarding the plasterboard in the bathroom. HM said it had completed that work in line with what the insurer's loss adjuster had allowed because Mr S's bathroom did not have moisture resistant boarding before. So it didn't think it had fitted 'incorrect' materials or should have to pay anything to Mr S for replacing the boarding it had installed.

Mr S disagreed with my decision. He said he believes I have not taken all of his evidence, into account. He provided a copy of my provisional decision with his own comments added against it. Mr S's comments against my findings can be summarised as follows:

- Regarding removals, he reiterated that HM had made him do half the work when moving items into storage – and it didn't move items back at all. He said this should be treated like the other incomplete work, with HM passing the money to him.
- Turning to the hallway Mr S explained how he'd moved carpets back and forth, with HM having said the sub floor timbers needed to breathe, which shows it accepted there was

- damage, so it seems HM mistakenly did not claim for reinstating the hallway.
- He said my comment that HM are “expert claim handlers” is unsubstantiated and shows bias on my part.
 - Noting my findings regarding the kitchen, Mr S said a contractor should be appointed to assess what he should be paid.
 - Regarding the allegation of poor work, Mr S said he thought this Service should have sent an assessor to view the work.
 - The substandard work, Mr S said, was not just in the materials used but in that the work they did was not up to standard, he’s explained all this in detail before.
 - Before he can agree to the sum I suggested of £750 for the bathroom, he’d need to obtain a quote and he’d like this Service to authorise a contractor in that respect.
 - Mr S said enamel baths (as his is) do not scratch as easily as plastic ones and it isn’t possible the items he placed carefully in the bath scratched it. Whereas HM stood in the bath whilst smashing and chiseling several square meters of tiles off of the wall allowing them to crash into the bath below.
 - Noting HM had said they’d taken photos before starting work but hadn’t provided them, Mr S said it was likely the photos had been destroyed by HM as they had not supported its position that the bath was already scratched.
 - He said it was only after HM said it was having difficulty finding a contractor to complete the work that he said it would be best if the original contractor did not come back – but he maintained that he never said “they could not continue” with the work.
 - HM should be made to pay the full outstanding sum of £3,579.81 – this was an uplifted sum (from £2,941.06) which HM had agreed to pay so it is not fair for that uplifted part of the sum to now be removed.
 - Mr S said ongoing storage costs and compensation should be paid because HM had unreasonably ended the contract and treated him unfairly causing him considerable stress, upset, inconvenience and loss of half of his home, including bathing and showering facilities, for more than a year. This had caused his mental and physical health to deteriorate.

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 understand why Mr S may feel that not all his evidence and arguments have been considered. After all the decisions I issue do not set out all of the evidence and comments provided by each party. Nor will I review each and every argument raised. There is no discourtesy meant by this. Rather it is part of my role as Ombudsman to issue decisions which get to the heart of the matter and focus on the core complaint issues, setting out my relevant findings. I can assure Mr S, and HM, that if there is something I am unsure about or require further evidence or detail regarding, I will ask for the same. At this stage, in this complaint, I am satisfied I have all that is necessary for me to make a fair and reasonable decision on Mr S’s complaint. So, having reviewed matters, taking into account the parties’ responses to my provisional findings, I am issuing a final decision.

Removals

My view in this respect has largely not changed. As I said, Mr S has not (yet) incurred any costs related to moving items to and from storage. However, I do note that HM has now agreed to pass on the costs paid by the insurer for work HM did not complete in both the kitchen and the bathroom. I see no good reason why that premise should not be equally applied to the cost the insurer paid HM for moving Mr S’s items to and from storage – with the work to move items back to his home ‘from storage’ not being completed. And given the

agreements for the kitchen and bathroom costs, I'm satisfied that requiring HM to pay this additional sum, plus interest in the same manner, does not equate to a material change from my provisional decision.

Hallway

Timbers being initially wet and needing to be allowed to 'breathe' does not necessarily mean they are damaged. Wood can recover from being soaked.

I can see why Mr S may have taken my comment about HM being "expert claim handlers" as showing bias. And I apologise for that. But I can assure Mr S that there was no bias, intended, or actually present, by me in offering that comment. Rather it reflected the fact that HM were employed to handle this matter because that is their job – they are not a lay person making a claim, nor are they, for example, acting as a lay person who is a friend might to assist someone with a claim. Rather this is their area of business.

In any event, as can be seen in respect of what I say below about the plasterboard in the bathroom, HM being "experts" in this field has not stopped me judging the actions it took. On the contrary – I've considered what HM, as "experts" should have known and done. It is on that basis I have decided whether HM treated Mr S fairly. And, in some respects, such as with the bathroom plasterboard reinstatement, I have found its "expertise" wanting, such that my conclusion is that it treated Mr S unfairly. However, having reviewed the matters regarding the hallway, I remain satisfied that HM did not fail Mr S in this respect.

Kitchen

I note HM's agreement regarding work it did not undertake in the kitchen – that it will reimburse the sum the insurer agreed and paid for this work. Mr S has asked that this Service authorises a contractor to determine what sum he should be paid.

This Service doesn't appoint or authorise contractors. In any event, this is not a matter of assessing what work is needed and what that will cost. Rather the insurer authorised certain works in the kitchen and paid a sum to HM for those works, none of which HM did. So the sum for HM to return to Mr S is the sum the insurer agreed to pay, and did pay to HM, for the kitchen work.

Bathroom

I know Mr S would also have liked this Service to have appointed an assessor to consider the work which was done and left partially done in the bathroom. However, that's not how this Service operates. Rather we give both parties the opportunity to present their evidence on the complaint points and we then assess that evidence to determine what we think is the fair and reasonable outcome.

Whilst I appreciate Mr S's view on the standard of the work HM completed, he hasn't presented any expert evidence which supports his allegation in that respect. The expert report he did provide, as I noted provisionally, only noted one failing in the work HM had completed in the bathroom; "the expert only clearly identifies incorrect plasterboard having been fitted in the bathroom".

I appreciate that HM disputes this. That it thinks it fitted boarding in the bathroom in line with what the insurer authorised. But it was part of HM's role to ensure long-lasting repairs were completed and it is often the case that, where bathrooms are concerned, repairs will not last if moisture resistant boarding is not used. Now if HM had challenged the insurer on its scope in this respect – with the scope showing standard boarding was to be used – and the insurer

had refused, I might have some sympathy with HM saying it had no choice but to comply with what the insurer had allowed. But HM hasn't suggested it ever challenged the insurer in this respect, rather from what it has said it just accepted what the insurer put forward. I remain of the view that HM completed poor work when it installed non-moisture resistant plasterboard in the bathroom.

It is not for me to authorise a contractor to assist Mr S to evidence his expected loss. In my provisional decision I gave both Mr S and HM an opportunity to challenge what I felt would be a fair and reasonable settlement to resolve HM's poor work – fitting the incorrect plasterboard – in the bathroom. Neither party has presented anything which makes me think my suggested sum of £750 is not fair and reasonable. I'll now require HM to pay this sum.

I've reviewed everything the parties have presented and particularly what Mr S has said about the scratched bath. I remain of the view that I can't be certain it's most likely that HM damaged it. As such I won't be requiring HM to do anything regarding the bath.

Contract termination

I appreciate that Mr S feels HM acted unfairly when it terminated the contract. I've considered everything he's said and the email correspondence exchanged by the parties. Having done so, noting everything which transpired, my decision is that HM acted fairly and reasonably, given what the terms of the contract allowed, to terminate the relationship.

Payment of £3,572.81

HM has clarified that it has not paid the sum it had previously assured was paid in April 2025 (the total payment promised being £3,572.81 but where I said only £2,941.06 of that sum flowed from regulated activity). Mr S said he believed I was mistaken as to what the sum of £2,941.06 and the uplift of £631.75 (to the total of £3,572.81) were paid for. He said that total sum should now be paid to him.

I accept that HM agreed to pay Mr S a total of £3,579.81. But I can only direct it to make payments that are related to regulated activity. I'm satisfied the sum of £3,579.81 included £2,902.06 and £39.00 for the remaining scoped work in the bathroom and one month of storage. These sums are related to regulated activity and total £2,941.06. This was all set out as Mr S has indicated, in an email to him from HM dated 2 December 2024. For completeness here I'll confirm that the remaining £631.75, offered in respect of non-regulated activity, was made up of; £430.07 for carpets, £52.68 for a replacement part for a vacuum cleaner and £156.00 for a light fitting.

I will now require HM to pay to Mr S the sum of £2,902.06. To that sum it will have to add interest, applied from the 11 April 2025 until settlement is made. To be clear this does not mean I have found that the other sum of £631.75 is not reasonably due to be paid to Mr S by HM. On the contrary I have not made a finding about the sum of £631.75 at all. Payment of this sum is something Mr S and HM will have to progress between themselves outside of the complaint process of this Service.

Ongoing storage costs and compensation

I appreciate Mr S's views on these issues and I understand how strongly he feels about (what he views as) HM's poor treatment of him. I've carefully considered what he's said and provided, alongside the submissions from HM. All whilst bearing in mind what is within my jurisdiction to consider (as previously and separately explained). Having weighed all of that up, I remain of the view as stated provisionally in these respects.

Putting things right

I require HM to pay Mr S:

- An amount equivalent to the cost of moving items from storage back to Mr S's home as set out in the scope that formed the basis of the claim settlement agreed by the insurer, plus interest* applied from 11 April 2025 until settlement is made.
- An amount equivalent to the cost of kitchen reinstatement work, as set out in the scope that formed the basis of the claim settlement agreed by the insurer, plus interest* applied from 11 April 2025 until settlement is made.
- £2,941.06 for outstanding bathroom and storage costs, plus interest* applied from 11 April 2025 until settlement is made.
- £750 to replace the bathroom plasterboard it installed with moisture resistant boarding.

I direct that HM are precluded from seeking payment from Mr S for any termination fees it may believe it can reasonably require him to pay under the contract terms.

*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require HM to take off tax from this interest. If asked, it must give Mr S a certificate showing how much tax it's taken off.

My final decision

I uphold this complaint. I require Hill Mathieson Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 8 January 2026.

Fiona Robinson

Ombudsman