

The complaint

Mrs S and Mr V complain about the settlement HDI Global Specialty SE has offered for their home insurance claim.

HDI is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of its agents. As HDI has accepted it is accountable for the actions of the agents, in my decision, any reference to HDI includes the actions of the agents.

Mrs S and Mr V are represented in this complaint by their loss assessor, who I'll refer to as "H".

What happened

In September 2020, Mrs S and Mr V made a claim under their home insurance policy with HDI after their house was damaged by a fire. Mrs S and Mr V instructed a loss assessor ("H") to deal with their claim. HDI instructed a loss adjuster ("C") to validate the claim.

H appointed a surveyor ("G") to oversee the reinstatement of Mrs S and Mr V's property. G drafted a schedule of works, which was checked by C and released to various contractors for competitive tender. C recommended the reinstatement of the property be undertaken by a contractor ("F").

A surveyor from C was tasked with working alongside G to agree provisional sums and variations as the contract progressed. HDI says some additional works came to light during the strip out and repair stages and there were issues with the price and availability of materials. As a result, there were some additional costs and the timeframe for completion of repairs was extended. Some of the additional work that was presented wasn't accepted as part of the claim.

The building repairs were completed in around April 2022. However, there were ongoing disputes about the settlement offered by C on behalf of HDI.

In late 2024, Mrs S and Mr V complained to HDI that the settlement it had offered was inadequate.

HDI said there were aspects of the reinstatement work that had not received its authorisation and were not peril related which could not be considered under the claim. It said C had requested supporting documentation to assist with the validation of additional costs as far back as January 2022. These were not initially forthcoming or sufficient enough to quantify the additional costs as part of the claim or as a result of the fire incident. It said it was satisfied the settlement proposed in early 2024 represented an accurate record of the damage incurred to Mrs S and Mr V's property as a result of the fire and the reinstatement of this.

Mrs S and Mr V remained unhappy and referred their complaint to the Financial Ombudsman Service. They said G had justified on numerous occasions that the works were claim related and the costs were correct. They said C was not accounting for the extra

damage that had occurred due to its refusal of a tin hat and was refusing to acknowledge the claim related damages as part of the settlement.

Our investigator didn't think Mrs S and Mr V's complaint should be upheld. She didn't think HDI made an error by not agreeing to install a temporary roof as it said each room had already been impacted by fire and water damage. She thought it was reasonable for HDI to settle the contents part of the claim up to the policy limit. She wasn't persuaded HDI had made an error with the buildings' settlement based on the available evidence.

Mrs S and Mr V disagreed with our investigator's outcome. H responded on their behalf. It said the lack of a tin hat had caused further damage to the property including a damp issue in the basement which meant it was necessary to install dehumidifiers and replace beams.

H said one of the main issues was that the works had been discussed on site and proceeded with. It was not until the works were completed that C's surveyor had begun to dispute the figures which left Mr V in a vulnerable position.

H provided a spreadsheet showing communication between the two surveyors and some information which it said was justification of the value of the wardrobes.

H also commented that accommodation expenses, surveyor invoices and payment to the contractors remain unpaid, and the adjuster (C) was unresponsive to these items.

I issued a provisional decision on 14 November 2025 where I explained why I intended to uphold Mrs S and Mr V's complaint in part. In that decision I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Based on what I've seen so far, I intend to uphold Mrs S and Mr V's complaint in part. I'll explain why.

I acknowledge that HDI and H have asked for some additional time to provide some further information. However, based on what I've seen so far, I feel there is sufficient information to allow me to arrive at a provisional decision. This will allow both parties to focus on the areas which form part of my reasoning if they wish to provide further information.

I thought it would be helpful to provide some clarity about the Financial Ombudsman Service's role and the scope of the complaint that I'm deciding. Our role is to resolve disputes between complainants and financial businesses, to help both parties move on. It isn't our role to handle a claim or to deal with matters as they arise. In this decision, I've considered events complained of up until AXA's final response letter of 9 October 2024.

I note that H has raised some additional concerns about accommodation expenses, surveyor's invoices and outstanding payments to the contractors, It says C has been unresponsive to these items. However, these issues weren't raised in the complaint Mrs S and Mr V brought to our service. So, they fall outside of the scope that I'm able to consider in my decision.

HDI has offered a settlement of £232,150.04 plus VAT for the buildings part of the claim. H says it should be paying the amount showing in the final account submitted by G in September 2022, which was £245,997.14 plus VAT. H says G acted as contract manager to confirm that all the works were claim related and should be covered by the insurer.

HDI says it has resisted costs that are not fire related or approved. It says G failed to keep C engaged and informed with variations during the works execution, other than with headline explanations and broad figures that lacked suitable support at the final account stage.

I appreciate Mr V and Mrs S have been left in a vulnerable position and might potentially be left out of pocket, and I empathise with them. However, G wasn't appointed by HDI or its loss adjuster, C. From what I understand, G was appointed by H on behalf of Mr V and Mrs S. And HDI instructed C to validate the claim.

HDI says any variations in the contract needed to be agreed by C. I don't find that unusual. Typically, in these types of claims which involve significant reinstatement work, it's usual for insurers to want to be involved to ensure that costs are being fairly accrued. It's up to Mr V and Mrs S and their representatives to show that the costs in dispute were claim-related and agreed by the insurer in advance.

As I've explained, the Financial Ombudsman's role is to resolve disputes. We aren't claim assessors, loss adjusters or surveyors. I've needed to base my findings on the information and evidence I've been provided with by the parties involved. It's clear that a number of items are in dispute. So, I'd need to see evidence that the costs for these were agreed in advance for me to conclude that HDI has acted unfairly.

Temporary roof

Mr V and Mrs S say further damage was caused to their property because C wouldn't agree to install a tin hat (temporary roof) on their property.

HDI says the temporary roof was not approved as the costs were not considered economic or necessary, given that the whole house had already been saturated due to the insured event. It says its decision not to install the temporary roof resulted in savings of around £30,000.

H has acknowledged that there was water damage from the fire brigade, but it says that as the property was left exposed for a long period of time there was a great deal of further water damage that needed to be considered as part of the claim. It says one of the factors was a damp issue in the basement which meant Mrs S and Mr V had to install dehumidifiers and replace beams. However, I haven't been provided with any evidence to show that there was additional damage that isn't covered by HDI's settlement offer. So, based on what I've seen, I'm not persuaded that HDI needs to do anything further in relation to this complaint point.

Loft

HDI wouldn't agree to pay for the timber framework to increase the depth of the floorboards in the loft. It says this was because it would be considered an improvement. It said it was willing to fund the building regulation depth of insulation but there was a necessity to increase the floor void depth when this was laid in 2019.

I can see that G's surveyor has noted that it's not possible to install the insulation at 300mm and board the loft without a floating floor. He's noted it's irrelevant how the loft was boarded previously.

The purpose of the policy was to indemnify Mrs S and Mr V in the event that they needed to make a claim. I appreciate G believes that HDI should cover the cost of increasing the void to make room for the insulation required by building regulations. But my understanding, from what C has said, is that the relevant building regulation was already in force when the

insulation was laid in 2019. This means that increasing the void would be betterment. So, I don't think it's unreasonable for HDI to refuse to cover the additional costs here.

Wardrobes

I understand that G and C couldn't come to an agreement on an appropriate settlement for fitted wardrobes, so this has been omitted from the final account.

I can see G recommended HDI pay £10,500 to settle this part of the claim, but HDI has paid £7,500.

C says G's suggestion that the wardrobe costs were presented on a "like for like" reinstatement basis is incorrect. In an email it sent to H and G in January 2022, C said it had looked into the fitted wardrobes from the 3D imaging to verify the specification and extent of fitted units. Its observations were these were basic quality, melamine unit with exposed hinges and limited mouldings.

H has supplied quotes from two wardrobe suppliers to support the higher amount it thinks should be paid. It's also provided photographs of the damaged wardrobes as well as a picture of the wardrobes in one of the bedrooms before the fire.

I've reviewed the information that's been sent to us. I appreciate the quotes are much higher than the amount HDI has paid. However, I'm unable to conclude from the photographs that the wardrobes that were in the property before the fire were of the same quality as those in the quote. I also note that the allowance for wardrobes in the initial schedule of works is significantly lower than the amount being claimed for. Under the circumstances, I think the settlement HDI paid for the wardrobes was reasonable.

Removal of contents

Looking at the spreadsheet from the time C made its final settlement offer, I can see an amount of £5,962 was in dispute for the removal of contents.

The comment from C's surveyor is: "This was notified from the outset as not buildings costs".

Having reviewed the information available to me, it looks like this cost was considered under the contents section of the claim.

I can see that the claim for replacing damaged contents amounted to over £70,000. However, there was a policy limit of £60,000. So, HDI paid £60,000 to settle the contents part of the claim, which meant that the cost of removing the contents wasn't paid.

The policy's terms and conditions say:

"The sum insured must be adequate to pay for the full cost of replacing all the contents in a new condition (after making an allowance for wear and tear and depreciation on articles of clothing and household linen)."

Mrs S and Mr V's policy schedule shows that the sum insured was £60,000. So, I think it was reasonable for HDI to limit the settlement for replacing contents to £60,000.

However, the terms and conditions don't say that the sum insured needs to be sufficient to cover the cost of removing damaged contents from a building. It only needs to be enough to replace the contents as new.

Under the building's section of the policy, it says:

“The sum insured must be adequate to pay for the full cost of rebuilding the whole of the buildings in a new condition similar in form, size and style including the cost of expenses listed in this section under ‘insured peril 21 professional costs’

The professional costs listed under insured peril 21 include “the cost of making the buildings safe, removal of debris and clearing the site.”

I’m satisfied from the above, that the cost of removing contents from the building falls under the buildings section of the policy, rather than the contents section. So, I don’t think it’s fair for HDI to refuse to pay these costs. I think it should increase the settlement by £5,962 and pay Mrs S and Mr V £200 to compensate them for the worry that they would have to cover this cost themselves.

Other items in dispute

I’ve reviewed the spreadsheet C sent to H in May 2024, along with its settlement offer of £232,150.04 plus VAT. However, the only information I have is the comments by the surveyors from C and G and from contractor F. It looks like some of the discrepancies are due to F using a higher hourly rate for labour than what was set out in the tender. There are references to invoices and other documents for some items, but I haven’t been provided with these. So, I haven’t got sufficient information to conclude that HDI needs to increase the settlement for these items.

I can see there are additional works for snagging highlighted in yellow with “TBC” next to them. I haven’t seen evidence to support these costs, and it’s unclear if anything has been provided to C. However, I’d expect HDI to consider these costs if evidence is provided to show that they are claim-related.”

I set out what I intended to direct HDI to do to put things right. And I gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

Responses

HDI accepted my provisional decision.

Mrs S and Mr V’s representatives provided further information for me to consider, including a detailed document from surveyor G.

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.

In my provisional decision, I explained that the role of the Financial Ombudsman Service is to resolve disputes between complainants and financial businesses. I explained that we aren’t claims assessors, loss adjusters or surveyors. I need to base my findings on the evidence provided by the parties involved.

While I haven’t commented on everything, I’d like to reassure Mrs S and Mr V that I have carefully considered all of the points G has made in response to my provisional decision. I have focused on what I consider to be most relevant to the outcome of this complaint.

G has made some further comments regarding the absence of a temporary roof. It says Mrs S and Mr V have elevated moisture levels in the basement floor as water has come into

the property and is trapped under the floor. It says it has been unable to investigate these matters with the contractor as the final account remains outstanding.

As I haven't been provided with any evidence regarding this, I am unable to consider this matter any further. If G is able to obtain evidence to show there was additional damage to the property due to the absence of a temporary roof that hasn't been accounted for in the settlement, I suggest it provides this to HDI for its consideration.

G has commented about HDI's surveyor (C's) calculation of costs for several items. For example, G says C's interpretation of the invoice for the conservatory replacement is incorrect. But it hasn't explained why. Nor has it provided a copy of the invoice for the conservatory costs despite us specifically requesting this prior to me issuing my provisional decision. So, I'm unable to conclude that the settlement C has offered for the conservatory is insufficient.

G has commented that C hasn't accounted for overhead and profit (OHP) for some items. For example, G says C's costs for the kitchen fitting (£1,799) is incorrect, without contractor's OHP and this rate does not relate to the carpenters and joiners rate in the tender. G says the correct cost for fitting is £2,759.59 plus 15% = £3,173.43. However, on the final account spreadsheet, the contractor has commented that the labour was "*68 hours x £23 plus 15%*". This works out to be £1,798.60. The tender document says the "*profit & attendance on sub-contractor's accounts*" is 15%. C has commented that the tender's joiner rate at £27 is inclusive of OHP and it shouldn't be added twice. Having reviewed the documents, I think C is right about that. So, I'm satisfied that the OHP was taken into account in C's calculation and this is correct.

G has commented that C hasn't added OHP to the contractor's rates for certain items. But the tender document says that for contractor's pricing: "*All prices should be inclusive of OHP*". So, I don't think it's correct to add another 15% on top of the hourly labour rates quoted in the tender document.

G has commented that C stated the costs for the displaced lintel were not fire damaged. However, I can see that C agreed to cover the cost and an amount of £267.50 is included in the final account spreadsheet.

G has made some further comments about the loft boarding. It says what Mrs S and Mr V had installed previously would not have been completed under the guidance of building control. However, I'm not persuaded that means the cost of increasing the floor void shouldn't be considered betterment.

G has commented that there is no cost for boarding the loft as before. It says C accepted the cost to omit the original boarding cost and has also omitted the cost of the roof boarded on raised legs. However, C says the cost for loft boarding is in the original tender (item 5.22) and hasn't been removed from the final account. I can see an omission of £678 for the installation of loft boards on the final account. But this was for item 5.147 on the tender. Item 5.22 "*Allow to fit a new plyboard floor to the loft*" for £772 doesn't appear to have been omitted from the final account. So, I'm satisfied a cost for loft boarding has been included in the settlement offer.

I appreciate G feels C should accept costs claimed for the decorative arch in the lounge because G is happy to approve them. However, HDI instructed C to validate the repair costs, not G. C has commented that this wasn't referred to it to agree to the cost and the breakdown was insufficient to support the level of costs. I haven't been provided with any evidence to support these costs, which don't appear to have been agreed in advance. So,

based on what I've seen, I think it's fair for C to offer a lower settlement than the amount claimed for.

Having considered the additional comments and information I've received, I haven't found reason to change the conclusions I reached in my provisional decision. HDI has agreed to increase the buildings' settlement offer to cover the removal of contents. I appreciate a number of items remain in dispute, but I haven't seen sufficient evidence to show me that C's settlement offer for these is unfair.

Putting things right

HDI should:

- add £5,962 to the buildings' settlement offer to cover the removal of contents and
- pay Mrs S and Mr V £200 for distress and inconvenience.

My final decision

For the reasons I've explained, I uphold Mrs S and Mr V's complaint and direct HDI Global Specialty SE to put things right by doing as I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S and Mr V to accept or reject my decision before 16 January 2026.

Anne Muscroft
Ombudsman