

## **The complaint**

Mr W complains about INTACT INSURANCE UK LIMITED's handling and settlement of a claim under a buildings insurance policy.

Intact has been represented on the claim by its agents. All references to Intact include its agents.

## **What happened**

Mr W had a buildings insurance policy with Intact. In December 2023 he made a claim following a leak at his property.

While considering the claim, Intact noted potential underinsurance in May 2024. This was based on the information Mr W provided about the estimated cost to rebuild his property.

In July 2024, Intact acknowledged Mr W's dissatisfaction with its handling of the claim. And in August 2024, it accepted there were delays and poor communication. So it awarded him £400 compensation.

In September 2024, Intact notified Mr W of its underinsurance concerns. Mr W complained about the continued lack of progress and poor communication. He said he was paying higher water bills as a result of the leak not being resolved.

In November 2024, Intact told Mr W he was not covered for the increased water bill costs. It also said it would be paying Mr W a reduced settlement based on underinsurance and what it considered were previous overpayments as a result. It paid Mr W a reduced settlement, based on the percentage of the correct premium it said Mr W paid, after deducting an excess. Intact later accepted it had deducted the excess in error, and refunded this to Mr W.

Intact issued a complaint response in November 2024. It accepted there had been further poor service and a breakdown in communication. It awarded Mr W a further £150 compensation.

Mr W referred his complaint to the Financial Ombudsman Service. He said the leak was still not resolved and his water bills were increasing. He said Intact hadn't been clear on what would happen with the leak, so he was waiting for this to be repaired along with compensation.

The Investigator recommended the complaint be upheld. They weren't satisfied there was enough evidence to show Mr W had provided an unreasonable answer on the matter of the rebuild estimate. And they had concerns about the information Intact relied on in determining what it said was a reasonable rebuild estimate. So they recommended Intact settle the claim without applying a proportionate settlement, and pay Mr W a further £300 compensation.

Intact didn't agree and maintained Mr W was underinsured.

In January 2026, I wrote to Intact to explain I was intending to uphold the complaint. I'd outlined the following reasons:

- There wasn't sufficient evidence to show Mr W had provided an unreasonable answer on the matter of the rebuild estimate. This was because Intact hadn't provided enough evidence to show what question he was asked, and what information he was given to help him answer the question.
- I wasn't satisfied the rebuild estimate Intact had relied on to decide the claim and settlement was fair, as it appeared to be from a date after any estimate Mr W had provided, and based on a type of construction that didn't fully match Mr W's property.
- Intact hadn't been clear enough to Mr W on what its final settlement payment meant and the next steps for Mr W. And I couldn't see it had responded to Mr W's request for clarification on who would be repairing the leak.
- Because the evidence shows Intact had caused significant unreasonable and avoidable delay on the claim, I intended to direct Intact to pay the additional water bill costs Mr W incurred.

I also outlined what I intended to direct Intact to do, as below:

- Settle Mr W's claim in line with the remaining policy terms, without applying any proportionate settlement on the basis of underinsurance.
- Pay Mr W a further £400 compensation for the distress and inconvenience caused. This was in addition to the £400 and £150 compensation it had previously awarded.
- Review and pay the additional water usage costs Mr W incurred as a result of delays in fairly settling the claim – subject to Mr W providing proof of the additional costs.

Intact replied to the above to say it was unable to provide anything else other than the aggregator report from 2021, when Mr W took out the first policy. So it didn't respond to any of the other points.

### **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.

A rebuild estimate for a property is a statement of opinion. And it's likely there are a range of answers that are all reasonably accurate. So when reviewing a complaint about underinsurance in circumstances like this, I consider whether the answer given to any question about the rebuild estimate, was within a reasonable range. If it was, then it's unlikely I would find it was fair for the insurer to take any action. And it's for Intact to show the answer provided was unreasonable. In reviewing this, the relevant information includes the question that was asked when the policy was taken out.

The aggregator report Intact provided appears to be from 2021, and only shows a field titled '*rebuild cost*' and an answer of '*£500,000*'. But it doesn't include evidence of the actual question asked or any guidance given.

Intact also provided evidence to suggest Mr W may have been given an estimated rebuild cost during the initial application in 2021, but it has been unable to provide evidence to show what estimate Mr W was likely provided at that time.

I think it's more likely than not that the rebuild estimate in the policies subsequent to the policy in 2021, were dependant on the original rebuild estimate in 2021. This includes the policy at the time of the claim in 2023. So I think it's relevant to consider the question Mr W was asked in 2021 along with the information he was given.

Mr W said he used an established rebuild cost calculator and spoke to a Surveyor in providing the rebuild estimate. I've not seen evidence to persuade me this was not the case,

so I think Mr W acted reasonably in doing so. And because Intact has been unable to provide any information beyond what has been outlined above, I'm not persuaded the answer Mr W provided was not within a reasonable range.

I've also reviewed the renewal documents from 2023, and I'm not satisfied Mr W was given sufficient information at that time about what the rebuild estimate should be based on, or how it had been calculated.

In addition to the above, Intact hasn't provided sufficient evidence to show what a reasonable rebuild estimate would have been, compared to the answer Mr W provided when he was asked about this. Intact provided and relied on a rebuild estimate from April 2024, which was a substantially long time after Mr W took out the original policy, and the last renewal in around January 2023. In addition to this, Intact appears to have relied on a type of construction that significantly increased the rebuild estimate, despite its own acknowledgement of a report from Mr W suggesting a different/mixed type of construction. Intact hasn't provided any further comment on the above, despite being given the opportunity. So overall, I'm not persuaded Intact has demonstrated what a reasonable rebuild estimate would have been at the time Mr W provided the estimate. It follows that I'm not satisfied it has shown the estimate Mr W provided was not within a reasonable range.

Overall, for the reasons outlined above, I'm not persuaded the rebuild estimate Mr W provided was not reasonable. So I don't think Intact can fairly or reasonably reduce the claim settlement based on Mr W being underinsured. This means I will direct Intact to settle Mr W's claim in full, with no proportionate reduction for underinsurance. And because I consider Mr W was unfairly deprived of the full settlement under any cash settlement, I will direct Intact to pay interest on any difference, in the event of a cash settlement. But I will leave it to the parties to discuss and agree the basis of the settlement itself.

Mr W has said he incurred increased water bills as a result of the leak. I've no reason to doubt this was the case. And because I consider Intact has delayed fairly settling the claim, I think it has caused Mr W unfairly to incur this additional cost. When Intact informed Mr W about the underinsurance and settlement in November 2024, I can't see it made it clear Mr W now needed to arrange the repairs. Mr W asked Intact if it would be arranging these works, but I can't see evidence to show Intact replied to Mr W. Because I consider it fair to hold Intact responsible for the leak not being repaired, I will direct it to pay Mr W any additional costs he paid for his water bills, with interest. This will be subject to Mr W providing evidence of the additional costs, beyond what he would have normally incurred. And I consider Intact should cover the increased costs from January 2024, around one month after Mr W first made the claim, until the leak is repaired, or the full settlement is paid (whichever is first).

In addition to delaying the overall fair settlement of the claim since December 2023, I can see there have been other instances of poor service by Intact. This includes a failure to source the leak initially despite multiple attempts, applying the policy excess twice and taking many months to address this, delaying its claim decision and not following up on promises. I've also outlined above why I don't think Intact provided clear enough information about the next steps when it paid the claim settlement. Intact has also accepted there were substantial delays and poor communication under the claim. Finally, I note Mr W had to deal with the threat of prosecution from the water supply provider, owing to the leak not being repaired.

Overall, I think the impact of Intact's mistakes caused Mr W substantial distress, upset and worry, over a sustained period. Intact has awarded Mr W a total of £550 compensation, but I don't think this is fair in the circumstances. I think it should pay Mr W a further £400 compensation, in addition to what it has already awarded, so this is what I will direct it to pay.

## **My final decision**

My final decision is that I uphold this complaint.

Subject to my comments above, I require INTACT INSURANCE UK LIMITED to:

- Settle the claim without any deduction for underinsurance – in line with the remaining terms and conditions of the policy.
- On any cash settlement paid, add 8% simple interest\*, from the point the proportionate settlement was offered, until the date of settlement.
- Refund the additional water bill costs Mr W incurred as a result of the leak, from January 2024, and add 8% simple interest\* from the date of each payment Mr W made, until the date of settlement.
- Pay Mr W a further £400 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 26 February 2026.

*\* If Intact considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr W how much it's taken off. It should also give Mr W a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate*

Monjur Alam  
**Ombudsman**