

## **The complaint**

Mr S complains that Arch Insurance (UK) Limited has unfairly handled his claim following damage to his property as the result of an escape of water.

Mr S feels Arch has caused unreasonable delays, failed to make it clear how the claim was being settled and failed to provide cover for all of the relevant work needed to repair his property.

## **What happened**

Mr S notified Arch of his claim on 13 February 2024 after a leak in his property had been identified with damage caused to the flat below. Arch requested information from Mr S and his broker to show the cause of the leak and a number of chasers were sent before this was received.

Arch hadn't received the information it had requested to help it validate the claim and in April 2024, it arranged for its adjuster to inspect the damage and confirm the number of leaks and cause of these.

Arch said it had validated the claim in June and an offer to cash settle the work was made to Mr S's broker. It was confirmed the cash settlement had been accepted by the broker on 19 June 2024.

Mr S contacted Arch at the end of October 2024 to say the amount he had been offered to settle his claim was not enough and more claim related work had come to light. Arch said if Mr S felt more work was now required, he'd need to confirm this and show how it was related to the claim. It also said it was willing to complete the works but Mr S would need to return the cash settlement money, previously paid.

Mr S's broker said Mr S would return the cash settlement but wanted the cost of his contractors quotes to be covered. Estimates for the work were reviewed by Arch in February 2025 and it offered to increase the amount of its cash settlement but Mr S didn't think this was enough and he asked Arch to send its adjuster to visit the property and assess the damage. Arch maintained its previous offer to increase the cash settlement in February was fair and it didn't agree the other work Mr S was claiming for was claim related.

Mr S complained about the claim decision and delays. Arch said there had been some delays identified where responses had been slower than they should have been and to recognise this, it offered to pay Mr S £75.

It said it wouldn't complete any work which was not needed because of the claim, nor would it provide a repair or replacement if this meant it was improving the prior condition of the property. The plasterboard behind the tiles previously was not moisture resistant (marine plasterboard) and because of this, it didn't think it needed to install this when completing the repairs or pricing for these with a cash settlement.

Arch also explained that it would only contribute up to 50% of the replacement tile costs for

the bathroom which didn't need to be replaced because of the damage. It said with no specific cover in place with the policy for matching sets, this was an approach supported by this Service and it said it would ask its agent to contact Mr S to provide a quotation for this.

Our investigator looked at this complaint and explained why they didn't think the settlement offered captured everything they felt it should. They said they were satisfied from the schedule of works Arch provided, that the cost it offered was equivalent to the cost it could have repaired the damage for and as it had offered to do this, the cash settlement didn't need to be any higher than this. They couldn't share the schedule with the pricing on it, but asked if Arch could share a redacted one with Mr S.

However, they could see Arch hadn't allowed to replace all of the plasterboard within the damaged room and they felt it was fair the settlement should include 50% of the replacement plasterboard costs for the undamaged walls which would need to be retiled. This was inline with our expectations and they agreed the offer by Arch to cover 50% of the tiling costs for the undamaged tiles was fair. But they agreed with Arch, that it was not fair to replace the plasterboard with marine plasterboard as this wasn't in place previously.

They accepted there had been delays with some of the communications, but there was also delays with Mr S and his broker providing responses. This appeared to be a cause of delay at the start of the claim and validation process. So, they felt the award of £75 for the delays to emails being responded to promptly was fair and reasonable and in line with our approach.

Arch agreed to the recommendation to increase the settlement to reflect the plasterboard

Mr S did not agree with the investigators opinion. He said marine plasterboard is standard building practice and should be installed behind showers. Not doing this leaves his property at risk of future damage and would mean the construction is in breach of building regs. He feels the claim was delayed by Arch questioning one point at a time, dragging out the progress. This meant the claim wasn't progressed promptly and Arch failed its obligations under the Insurance Code of Business Sourcebook (ICOBS).

Mr S was happy for Arch to now complete the work as he is unable to find someone to complete this for the same price it can. But he feels the plasterboard being replaced with marine plasterboard is not betterment and he doesn't think it is fair to only have a 50% contribution to the tiling paid.

Our investigators opinion remained unchanged and the complaint was referred for decision. But they clarified with Arch that it remains happy to complete the insured works to Mr S's property, but has said it would need the cash settlement, accepted in June 2024 returned before this could be arranged.

As Mr S did not agree with the investigator, the complaint was referred for decision.

### **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've decided to uphold this complaint, for much the same reasons as our investigator. I know Mr S will be disappointed by this, but I'll explain why I've made this decision.

### *Claim progress*

There has been an acceptance by Arch that some of the communication and response times to Mr S have been delayed. However, it doesn't think this had a significant impact on the claim and its journey and some of the delays at the start of this, were the result of it waiting on information from Mr S's broker to help it validate the claim.

I appreciate the repair works to Mr S's property have still not been completed now. But I have kept in mind when thinking about the claim and its progress what happened and what was accepted in the first instance. I am satisfied that after the initial claim notification; Arch was actively chasing the broker for the details of the repair previously completed at the property by Mr S's builder and the assessment on the cause of the damage. After a final chaser, it sent its adjuster to assess the damage and the claim was validated soon after this. But I don't think it would be fair to say the delay here was the result of Arch or its actions.

Following the validation, an offer was made and this was accepted by Mr S's broker on his behalf and as of 19 June 2024 when accepted, Arch believed the claim had been settled. It wasn't until Mr S contacted Arch at the end of October 2024 that it was advised that Mr S didn't believe the settlement was enough to cover the work. I think it was fair to hold this belief with the broker having confirmed acceptance previously and while Mr S has said he doesn't think Arch did enough to notify him of the progress, it is common for an underwriter to work with the broker when dealing with claims and with the brokers involvement from the start, I don't think this was unreasonable.

Arch instructed its agent again to assist with the claim following it being notified of the additional work and said if Mr S wanted the works completed by it, the cash settlement previously paid would need to be returned.

It appears there was some confusion with this instruction as Mr S's broker said in January 2025, Mr S was happy to return the settlement but wanted the quotes he had provided to be covered by Arch – both of which were higher than the previous settlement. So, while the broker said Mr S was happy to return the cash settlement, at the same time, they were asking for a settlement to be based on an external contractor and the cost of their work over asking Arch to complete it.

Arch reviewed the quotes submitted by Mr S and it agreed to increase its offer by a further £574.99 inclusive of VAT. It couldn't agree to any further costs without inspecting the property again to confirm anything beyond this. Mr S was reluctant to accept this and felt delays were being added, but I don't think this was unreasonable bearing in mind the previous settlement offered and with there being a significant difference between the cost of the work to Arch and quotes provided by Mr S.

At the end of March 2025, Arch offered to complete the work and explained the previous settlement would need to be returned and it maintained the offer now made was the maximum it would pay to settle the claim. It felt this was the limit of its liability, based on the insured work it felt was needed and the cost to it to repair this. Mr S said he was happy to accept this and he checked if building regulations would be complied with, based on the assigned budget.

There was delays with the responses to emails at this point and it took over 2 weeks for a response to this initial request from Mr S. Mr S wanted clarification from Arch and its agents on the work it was willing to complete. Arch's surveyor confirmed what it was willing to cover and what it wasn't, with a focus on the tiling and the plasterboard in the bathroom. It was in response to this that Mr S raised his complaint in May 2025.

Overall, when considering the claim progress, I agree there has been some delays. The majority of this came at the start of the claim and its validation process and there was a

period of no movement when Arch believed the claim had been settled following its cash payment. It was once the claim was accepted again by Arch and it was looking to see what could be done to progress it that there was times when responses were not as quick as they could have been. However, I think it is clear Arch and its agents were looking for a way to resolve Mr S's concerns and move the claim forward. There was question marks over the private work needed and whether some of what Mr S felt should be included was being covered.

Arch has paid £75 for the delays here. As an award this is an amount that this Service would consider to be reflective of a one-off event or small error that had little impact and was quickly put right.

Although I think the errors in the handling of this claim are not as significant as Mr S believes, I don't think an award of £75 is fair to reflect the impact of what has happened.

Mr S has expressed his dissatisfaction at getting late responses and needing to ask for information twice and there has been more than one small error. It's fair to say there is cumulative impact of these smaller errors and distress and frustration builds. While some of this will be linked to the other delays where questions were being asked by Arch and information was sought to progress the claim which couldn't be avoided. I do think the award for the distress and inconvenience needs to be uplifted.

The outcome of this complaint does not change, in that it is being upheld and with the increase I am recommending being modest, I have not felt the need to set out a provisional decision. But I think a fair award for the distress and inconvenience added here is £175. This is an award which reflects repeated small errors and I think this is the case with this claim following Mr S coming back to Arch in October 2024.

#### *Tiling and plasterboard costs*

A large part of the disputed work is the tiling costs and the plasterboard that Arch has costed to use.

Arch has offered to cover 50% of the tiling costs for Mr S for any areas where the tiles need to be replaced to ensure they match the tiles replaced because of the damage. It doesn't think it needs to go further than this as Mr S doesn't have matching sets cover specified in his policy and in the absence of this, it's offer is fair.

Our investigator set out why this approach is inline with the approach this Service takes when thinking about matching sets. I agree Arch has made a fair offer here and while I understand Mr S doesn't think this goes far enough, the absence of matching sets cover on his policy means Arch is going beyond the policy cover when offering to contribute to this cost when there is no insured damage. So, I am not going to ask Arch to go further here.

Mr Arch feels the plasterboard used within the bathroom should be marine plasterboard and if this isn't used and priced for, Arch is not following standard building practices or building regulations. I appreciate the concern here and whether it is better to use a moisture resistant board in rooms with high moisture levels, which a shower room clearly is. However, there is no requirement to use this boarding.

Good practice isn't a requirement and the policy cover in place sets out that Arch will reinstate the property to a condition that is equivalent to or substantially the same as when new. Here, the plasterboard used in the bathroom before was not marine plasterboard, so to replace this with it now would not be the same. This means Arch does not need to go as far as Mr S would like as its liability is limited to the policy and the replacement offered is inline

with this. Anything beyond this could be considered betterment.

However, as our investigator has pointed out, when applying the approach to the tiling and offer to cover 50% of this cost in the bathroom, Arch would need to cover the costs involved, which is likely to include the replacement of the plasterboard. So in line with the investigators recommendation, I am going to ask Arch to include this with its works or cash settlement figure.

While I don't think it is unreasonable for Arch to use standard plasterboard with the repair offered and costs for its liability, if Mr S uses Arch to complete the repairs, as he has indicated he would like to – it seems reasonable to allow him to upgrade the materials used and cover the difference in cost of the marine plasterboard compared to standard. Arch has had concerns about uninsured work being completed at the same time as its insured repairs, but Mr S has said this has been completed. And changing the plasterboard is likely to have little impact, if any at all, on the cost of the labour. If Mr S would like to have marine plasterboard used with the reinstatement, he will need to pay the difference in this material cost to Arch if the work is completed – it follows if a cash settlement is maintained, he has the choice to make this change when the work is completed.

### *Plumbing works*

Arch has declined to cover some of the plumbing work Mr S says is needed to restore the bathroom to a fit state.

I understand the comments made by Mr S and why he feels the works to the plumbing are needed. But Arch and its engineer has explained why this changed the previous set up and while there was a leak from the waste pipe which led to the claim here, I haven't seen anything to persuade me that the changes proposed were needed to make an effective and lasting repair. In the absence of this, I don't think it is unreasonable that Arch has considered this private works and not included it within the costing for its work.

### *Summary*

Mr S has said he would like Arch to complete the repairs to his property. He feels with the difference in price between his quotes and the price it has said it can complete the work for, this is his only option.

When an insurer is able to complete works and offers to do this, it is fair the cost of this work, regardless of whether this is completed by it or cash settled is the same cost to it if the policy sets out this limit to the insurer liability. Here there has been disputes about what should and should not be included but I think broadly speaking, Arch has fairly explained what cover is in place and what it can complete and what is not included. It failed to include the contribution to the plasterboard but I think even if this had been made sooner, the dispute over the works would have continued and it is likely the timeline would have followed suit.

Mr S's broker accepted the claim on his behalf previously and this appears to have caused confusion and some delay, but I cannot hold Arch responsible for this. And while I appreciate Mr S feels Arch has looked to delay the claim and cut costs, I cannot agree this is the case. It has generally looked to progress this and find a way forward and while there has been some delays to responses, the impact of this is minimal when considered against the claim handling as a whole and Arch's actions.

It is right that Arch increases the settlement to include the contribution to the cost of the plasterboard and if the work is completed by it, allowing Mr S to change this to marine plasterboard with the difference in cost being accepted by him is something I think is fair.

## **Putting things right**

Arch will need to do the following now to put things right with Mr S.

- a) If the works are completed by Arch, it should include within the cost of its work, a contribution of 50% of the cost to replace the plasterboard. This is in relation to completing the tiling work to the areas of the bathroom which have no claim related damage. Mr S should also have the option to pay the difference between this cost and ask Arch to fit marine plasterboard if he so wishes.
- b) If a cash settlement is maintained, this should be uplifted to include this cost Arch would incur, in line with the above.
- c) In addition to (a) or (b) above, Arch should pay Mr S a further £100 for the distress added with the handling of this claim. Brining the total award for distress and inconvenience to £175.

## **My final decision**

For the reasons I've set out above, I uphold Mr S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 4 March 2026.

Thomas Brissenden  
**Ombudsman**