

## The complaint

Mr and Mrs S complain Accredited Insurance (Europe) Ltd hasn't handled a claim against their buildings insurance policy fairly.

Mrs S is driving the complaint so for ease of reading I will refer to her throughout this decision. References to Accredited include the actions of its agents.

## What happened

In October 2020 Mrs S made claim for unstable ground at her property. There was initially a dispute over whether Accredited or Mrs S' previous insurer was responsible for the claim. In 2022, following a complaint with our Service, Accredited reached an agreement with the previous insurer and accepted responsibility for settling the claim. As a resolution was reached on that complaint, I will not consider what happened prior to April 2022.

From April 2022 a great deal has happened. Accredited provided a summary to our Service, which I will include below:

“Based upon substantial investigations carried out by insurers, it was determined that the property was suffering minor structural damage as there was a dissolution feature (sinkhole) beneath the house and within some of the grounds. Whilst structural damage to the house was limited at the time, it was accepted by insurers that left untreated, the property would be exposed to significant risk of further damage due to the instability of the ground and so coverage under the policy was triggered.

Working with geotechnical engineers, insurers sought to establish the full extent of the dissolution feature and then agree and implement a plan of ground stabilisation works. That work was completed in November 2024 and the property is now stable but a dispute has arisen as to the extent of insurers liability to return the house to its pre-claim condition in light of inevitable damage caused to the property because of the destructive nature of the stabilisation works.

Based upon a competitive tender exercise, insurers have submitted a cash-offer of £350k + VAT in line with an independent contractors estimate for the work, which, in addition to outlays insurers have already made for the ground stabilisation works, would bring insurers outlays to c£1.5m. Mrs S has rejected this offer and is seeking payment up to c£2.1m (inc payments to date). There is a dispute between the parties as to the maximum Limit of Indemnity under the policy and which works are recoverable as part of the claim.”

Mrs S asked for a cash settlement to return her property to its pre-loss condition. Accredited has agreed to a cash settlement and has now paid her £387,203.71 for the buildings part of the claim, which it says is the limit of indemnity under the policy. Mrs S complains this isn't enough and makes two main arguments for why Accredited should pay her more, namely: the policy entitles her to more than Accredited says it does and Accredited's actions have led to increased costs, meaning it's responsible for the policy limit not being enough.

Our Investigator didn't recommend the substantive part of Mrs S' complaint should be upheld because she found Accredited's interpretation of its maximum liability was a fair one, and she didn't consider Accredited's actions had caused an avoidable increase in claim costs. But she found Accredited could have been clearer with Mrs S at times and therefore caused her some distress and inconvenience. She recommended Accredited pay Mrs S £400 compensation. She also thought Accredited should contribute towards some professional costs Mrs S had incurred.

Accredited accepted the Investigator's recommendation to pay Mrs S £400 compensation and to contribute towards Mrs S' professional costs, which it put at £2,600. Mrs S didn't accept the Investigator's recommendation as she remained of the opinion Accredited should pay her substantially more to settle the claim. As an agreement couldn't be reached the complaint was passed to me to decide.

I issued a provisional 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.

The policy this claim is being considered against was effective from July 2020 and had a buildings sum insured of £985,051 and an outbuildings sum insured of £17,680. There is an argument the claim should be based on the sums insured for the previous year, which were lower. But Accredited has agreed to proceed based on the July 2020 policy and I see no compelling reason to interfere with that.

#### The policy terms

I will now set out the key policy terms relevant to this complaint in detail and in order, along with some commentary. A policy should be read as a whole, rather than by individual sections. Section 69 of the Consumer Rights Act 2015 is a relevant consideration. This says: "*If a term in a consumer contract...could have different meanings, the meaning that is most favourable to the consumer is to prevail*".

The policy defines 'buildings' on page 16/17. I will include the full definition because I find it makes clear what the policy considers 'buildings', and 'land' clearly isn't 'buildings'.

*"Any and all permanent structures within the grounds of your home used for domestic purposes including:*

- *fixtures and fittings and decorative finishes;*
- *tenant's improvements;*
- *fitted bathrooms and suites, fitted kitchens and flooring;*
- *fixed central heating systems and domestic tanks;*
- *solar heating panels and wind turbines;*
- *underground services, cables, utilities, drains, pipes, cesspits, septic tanks, inspection hatches and covers;*
- *stair and passenger lifts;*
- *permanent swimming pools, hot tubs and hard tennis courts;*
- *television, satellite and radio receiving aerials, dishes including their fittings and masts fixed to your home;*
- *terraces, patios, ornamental man-made ponds, fountains, driveways and footpaths;*
- *boundary and garden walls, gates, railings, hedges and fences.*

*which belong to you or for which you are legally responsible and are situated at the address shown in the schedule.*

*Buildings does not Include:*

- *any structure or part of a structure used for any business activity other than incidental business carried out by you or on your behalf;*
- *any plant or tree, other than hedges;*
- *land or water.”*

'Home' is defined on page 18. I will include the definition below. The definition makes clear buildings and land are considered different/separate by the policy.

*“Home*

*The buildings and land described in the title deeds of your private residence(s) including any garages, outbuildings and greenhouses used for domestic purposes at the address shown in the schedule.”*

The policy provides for indexation on page 25, which I will include below. There is a dispute over how indexation has been applied which I will address later in this decision.

*“We will adjust the sum insured for buildings and general contents each month according to an appropriate index without any adjustment to the premium during the period of insurance. You should check your sums insured when you renew your policy, to make sure that they reflect the full value of the buildings and general contents.”*

For the sums insured, on page 27, the policy says the below. The sum insured should be enough to rebuild the buildings if destroyed. There is no reference to land works. But some costs do not need to be included, and Accredited will allow up to 25% of the sum insured for buildings for fees and extra expenses. This will be relevant later in relation to the sections under the 'Additional Cover' headings titled 'Fees and Additional Expenses' and 'Alternative Accommodation'.

*“The premium you pay is based on the sums insured. When accepting this insurance, we expect that the sums insured will represent the full value of the property insured and are adequate as follows:*

*Buildings*

*The cost of rebuilding (with the same quality of materials and workmanship which existed before the damage), if the buildings are destroyed. You do not need to include fees to architects, surveyors, consulting engineers, the costs of making the site safe or clearing debris, rent receivable or the cost of alternative accommodation. We allow up to 25% of the sum insured for buildings for fees and extra expenses...”*

'Section 4 – Buildings', on pages 49 to 55, sets out the policy terms in the event of a claim. Under 'What is covered' it says the below. Accredited will pay the cost incurred of repairs, replacement or reinstatement in the event of damage to buildings. It does not say it will pay for land works.

### *“What is Covered*

*In the event of damage to buildings which are owned by you or for which you are responsible, at an insured address shown on your schedule as a result of a sudden or unforeseen event which is not specifically excluded, we will pay the cost incurred of repairs, replacement or reinstatement.*

*The most we will pay for damage to the building is the sum insured. We will not make any deduction for wear, tear or depreciation and the sum insured will not be reduced by the amount paid under any claim.”*

Under the ‘Additional Cover’ heading there are the sections set out below. ‘Alternative Accommodation’ is not included within the buildings sum insured, as is clear from the sums insured wording above. Accredited hasn’t argued it is. This is therefore Accredited’s liability above the buildings sum insured. The same applies to ‘Fees and Additional Expenses’, which I find can reasonably be interpreted to mean, and Accredited accepts, Accredited is liable for these costs above the buildings sum insured but capped at the 25% of the buildings sum insured.

### *“Alternative Accommodation*

*We will pay the cost of reasonable alternative accommodation for a period of up to 5 years for you, your domestic pets and horses incurred whilst your home cannot be lived in as a result of damage we have agreed to pay for under this section.”*

And:

### *“Fees and Additional Expenses*

*Following damage to the buildings we will pay costs reasonably and necessarily incurred for:*

- *architects, surveyors, consulting engineers and legal and other associated fees;*
- *removal of debris including removal of fallen trees and branches;*
- *complying with statutory regulations or local authority requirements.*

*We will not pay more than 25% of the Buildings sum insured or for any the costs of preparing any claim that you make against us.”*

Also under the ‘Additional Cover’ heading is ‘Land’, as set out below. The ‘Land’ section is, in my view, cover in addition to the buildings sum insured, capped at 20% of the buildings sum insured. As already established, the policy treats buildings and land as different/separate, and under ‘What is covered’ there is no provision for land works. This interpretation is also in keeping with the placement of the ‘Land’ section under the ‘Additional Cover’ heading, and in line with other additional cover sections, such as alternative accommodation and fees/extra expenses.

### *“Land*

*We will pay up to 20% of the buildings sum insured at the location where the loss occurs to stabilise, excavate or replace land around or under the buildings required as a result of damage covered by this section of the policy.”*

Lastly, there is the 'Rebuilding Cost Guarantee' as set out below. Accredited has applied this to the claim. This section is also placed under the 'Additional Cover' heading, and by its nature, increases Accredited's liability above the buildings sum insured, further supporting how the 'Land' section's meaning should be interpreted. Of further relevance, it says Accredited will pay the full cost of rebuilding or repairing the damage, up to a further 50% of the buildings sum insured.

*"Rebuilding Cost Guarantee*

*Where we have carried out an appraisal or you have provided us with an acceptable independent professional rebuilding cost valuation of your home completed within the last 12 months and the sum insured has been based on this valuation, we will pay the full cost of rebuilding or repairing the damage. Where this cost exceeds the sum insured we will, in addition to the sum insured, pay up to a further 50% of the sum insured subject to a maximum of an additional £2,000,000."*

How the policy terms apply to this claim

The buildings sum insured is £985,051 with an outbuildings sum insured of £17,680. Accredited have combined these figures, giving a combined buildings sum insured of £1,002,731. Accredited increased this through indexation for one quarter (three months) at 2.1% per quarter, to £1,024,791.

Mrs S has suggested indexation should be calculated based on a renewal date of July 2021, but I don't find that's appropriate given the claim was made in October 2020 and arguably indexation shouldn't apply as the loss was identified in 2019. I don't find there is a fair and reasonable basis for indexation to continue throughout the life of the claim as Mrs S has also suggested, for the same reason. So, I'm satisfied £1,024,791 is a fair buildings sum insured.

As the rebuilding cost guarantee applies, Accredited has said its maximum liability under buildings totals £1,537,187. So if, for example, Mrs S' buildings had been destroyed, Accredited would have been liable for £1,537,187 towards rebuilding costs, plus alternative accommodation costs, plus fees and extra expenses. However, that's not what happened.

The damage to Mrs S' buildings was relatively minor. The problem she experienced was with the land itself, rather than damage to her buildings. The policy makes clear Accredited isn't liable for this under the 'What is covered' heading. But it does have an 'Additional Cover' which makes it liable to "...pay up to 20% of the buildings sum insured at the location where the loss occurs to stabilise, excavate or replace land around or under the buildings required as a result of damage...".

As the rebuilding cost guarantee is specifically for rebuilding or repairing the damage, I find the sum relevant to the 'Land' section is the buildings sum insured. This means Accredited's liability for land works is 20% of £1,024,791, which is £204,958. Accredited could, therefore, have paid Mrs S this amount and then proceeded with the claim for repairs/reinstatement when the ground had been stabilised under Mrs S' supervision, and at her expense. But I wouldn't have found that to be fair as it would have left Mrs S in a very difficult position.

In the event, Accredited has paid over £1,000,000 for the land works. Mrs S has concerns with this sum, which I'll come on to. Accredited has argued the 20% of the buildings sum insured was a sub-limit of the buildings sum insured, in other words it

was part of and not on top of, the buildings sum insured. For the reasons I've set out above, I don't agree with that analysis. But under either interpretation I find Accredited's liability was capped at circa £200,000 for land works.

Accredited has exceeded that cap significantly. But from the evidence I've seen, it did this because it wanted to support Mrs S with rectifying her home, and it didn't know (I don't find anyone could reasonably have foreseen) how complex and expensive the land works would ultimately be. Accredited therefore thought the building sum insured would be enough for both the land works and the reinstatement, which would have enabled it to support Mrs S though an unusual and complex claim. That was a fair approach for it to take.

As things stand, Accredited will have paid £1,537,187 (plus alternative accommodation, fees and additional expenses). But Accredited's liability under the policy is circa £200,000 for land works and (maybe, as this is disputed) circa £600,000 for reinstatement (plus alternative accommodation, fees and additional expenses). Mrs S has therefore benefitted from the approach Accredited has taken to this claim. It follows I don't intend to require Accredited to do anything different in this regard.

Mrs S says significant investigation costs (five fees totalling about £80,000) have been incurred and contributed towards the buildings sum insured, thereby reducing the money available for buildings reinstatement. She argues these costs should be met by Accredited and refers to the additional cover provided under the 'Fees and Additional Expenses' section of the policy. Accredited says these costs relate to site investigation works which are part of reinstatement works rather than fees.

I've reviewed payments made by Accredited. They show it's paid about £236,000 in professional fees, which have been dealt with separate to the buildings sum insured limit. These fees, therefore, have not reduced the money available for reinstatement. The five fees Mrs S has referred to fall within the buildings sum insured. I understand these related to detailed investigations which were necessary for determining the scope and method for the land works and therefore formed part and parcel of the land works themselves. I agree with Accredited that they fall fairly within the cost of works, rather than within "*architects, surveyors, consulting engineers and legal and other associated fees*".

#### Claim delays and increased costs

Mrs S says Accredited has managed the claim poorly and this has led to significant delays and significant increases in costs. I understand Mrs S' point of view and I sympathise. But I must approach this matter objectively. Having done so, I find Accredited have acted fairly in relation to how the claim has been progressed. I say this because this was a very complex claim. The ground stabilisation works ultimately required over 1,000 tonnes of grout to be pumped under pressure in a grid pattern across much of her property, I understand sometimes to depths of 35 metres, and sometimes with restricted access for machinery.

Mrs S says, and has provided some evidence to support, that parts of the site investigations may have been unnecessary, there were avoidable delays with the works, poor oversight of on-site attendance and performance, and weak contract conditions. She says this led to increased costs. There may well be some merit in what she says. But no building works go smoothly, the works were complex and specialist, and the benefit of hindsight must be set aside. Accredited instructed specialists (and paid significant professional fees) to complete and oversee the

works, and it's clear the works became more challenging than originally foreseen as they progressed.

### Other matters

The Investigator recommended Accredited contribute towards some of Mrs S' professional costs. Accredited agreed to pay her £2,600, which Mrs S hasn't challenged, so I see no compelling reason to interfere with that. Nor do I intend to interfere with the compensation the Investigator recommended. I find £400 to be fair and reasonable in the circumstances to reflect the impact of some of Accredited's minor customer service failings. I make no other award for how the claim itself has been handled.

I understand an alternative accommodation extension has been agreed, so I make no findings regarding that. I further understand there are ongoing discussions regarding reinstatement of the swimming pool because there is a dispute over its condition pre-loss. And I understand there is a dispute regarding the landscaping – Mrs S says it has been ruined, Accredited say it wasn't impacted by works it's responsible for. As Accredited has paid Mrs S the maximum due under the policy for buildings, it seems to me these disputes are moot. It follows I make no finding on either.

### Overall

I have a great deal of sympathy for Mrs S. The impact on her home and her family has been considerable, and the claim has been ongoing for about six years and she still won't be back home for some time yet. But I don't find there is a basis for me to require Accredited to offer her more than it already has. Mrs S will likely disagree, but looking at what's happened from the outside, Accredited's commitment to treating her fairly has been clear and commendable. I hope the parties can work together constructively and pragmatically on finalising any outstanding matters.

### My provisional decision

I'm minded to uphold this complaint and require Accredited Insurance (Europe) Ltd to:

- Pay Mrs S £2,600 towards her professional costs; and
- Pay Mrs S £400 compensation."

Accredited didn't provide any further comments or evidence for me to consider. Mrs S responded to say while she cannot fully agree or accept some of my findings, she doesn't believe she has any further information which will change my 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.

In the absence of further comments and evidence I see no compelling reason to depart from my provisional decision. It follows I uphold this complaint for the reasons I set out in my provisional decision.

### **My final decision**

I uphold this complaint and require Accredited Insurance (Europe) Ltd to:

- Pay Mrs S £2,600 towards her professional costs; and
- Pay Mrs S £400 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S and Mr S to accept or reject my decision before 9 March 2026.

James Langford  
**Ombudsman**