

## **The complaint**

A company, which I'll refer to as M, complains about the way Hiscox Insurance Company Limited dealt with a claim on its business interruption insurance.

Where I refer to Hiscox Insurance Company Limited, this includes its agents acting on its behalf.

Mr M, who is a director of M, brings the complaint on M's behalf.

## **What happened**

M made a claim on its policy after being forced to close in October 2023. Hiscox appointed loss adjusters to investigate and later instructed forensic accountants to deal with the loss calculation. They discussed the claim with M's accountant and a payment was made, but M didn't agree with the way this had been calculated.

Mr M complained on behalf of M. He said Hiscox had calculated the indemnity period from the wrong starting date, and had ignored ongoing and future losses. He was also unhappy that Hiscox initially declined to pay his accountant's fees, and he said there was generally poor claim handling, delay and a lack of communication.

In its final response to the complaint, Hiscox said:

- The correct date for the indemnity period to start was September 2022, but it agreed to use October 2023 as the date, on the basis losses didn't start until then.
- M and its accountant didn't agree business returned to normal trading in May 2024 and said losses continued beyond that. So it had agreed to review this and would ask M for further evidence needed. If this showed M had incurred further losses it would make a further payment, with interest added.
- The policy covers accountants' reasonable charges. It had paid £150 to date, would continue to provide this cover, and any further charges would be considered in line with the policy wording.
- It could have dealt with aspects of the claim better. Compensation of £200 was paid in recognition of this.

Our investigator said Hiscox had applied the start date in line with the policy definition but as it had now agreed to use the later date, there was nothing further required in relation to this. It was reviewing the claim again and had agreed to cover reasonable accountants' fees, which was fair. If Mr M was unhappy with the outcome once Hiscox had completed the further review, he could make a fresh complaint.

The investigator also said he couldn't make any award to Mr M personally. While he could make an award for inconvenience caused to M, he thought the £200 already paid was fair.

Mr M did not accept the investigator's view and, on behalf of M, requested an ombudsman's 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.

The relevant industry rules and guidance say insurers must deal with claims promptly and fairly, support a policyholder to make a claim, and not unreasonably reject a claim. They should settle claims promptly once settlement terms are agreed.

The starting point when deciding whether the claim was declined fairly is the policy terms; these set out the terms of the insurance contract between M and Hiscox.

The policy terms say where the property suffers damage which causes an interruption in the business, there is cover for the loss of income caused. There's no dispute in this case that there was some damage.

The indemnity period is defined as follows:

*"The period beginning with the occurrence of the Damage and ending not later than the number of months stated in the Schedule during which the results of the Business are affected as a result of the Damage."*

The indemnity period on the schedule is 24 months. So M was covered for losses caused in the 24 months after the damage occurred. The key point here is that the period starts when the damage happens, which isn't necessarily the same as the date when the business stops trading or its losses start to accrue.

Cover includes *"auditors' or accountants' charges reasonably incurred for producing and certifying details of a claim under this Section."*

Mr M says he understands the further losses and the accountant's fees are being reviewed, and if these are not paid in full, that may be the subject of a new complaint, but that doesn't remove the need for a proper assessment of the claim handling so far. He's unhappy with the way the claim was handled and says, even if compensation can only be awarded for inconvenience caused to M, not for the distress he suffered personally, £200 doesn't adequately reflect the disruption caused to his business.

So I need to consider the claim handling - whether Hiscox got things wrong, and if so, this caused an impact on M that justifies a higher compensation payment.

I've considered this carefully but don't think a higher compensation payment is justified, for the following reasons:

- Mr M first made contact in September 2022 to register a claim, but then put things in hold. I think it was correct to say there was damage and the indemnity period started then. That was a reasonable view for Hiscox to take at the time, based on what it had been told. Mr M disputes this, but the claim was reported as *"Sewage pipe leak damaged floor & ceiling"* and he said he had discovered a collapsed sewage pipe and there was rising damp on his walls and floor.
- Hiscox subsequently agreed to use the later date. In the unusual circumstances of this case, where M wasn't forced to close until much later, it was fair to do that.
- Looking at the sequence of events, I think Hiscox generally dealt with the claim in a reasonable way.
- Mr M made contact again in October 2023 saying his business had been forced to close. Loss adjusters were instructed.

- Hiscox has explained that the water company was responsible for repairing the pipe and it was initially told the water company would cover both the alternative accommodation costs and loss of earnings while M was unable to use the premises. In February 2024, it learned the water company wouldn't provide full cover for the loss of earnings, so the claim was pursued.
- The loss adjusters requested information about the losses, which M provided. Hiscox then instructed forensic accountants. They contacted M in June 2024 seeking further information to assess the claim – using the later date of October 2023. There was correspondence during June and July, leading to a payment being agreed in late August.
- However, M's accountant queried the end date of May 2024 used for the calculation. Hiscox said it used that date as the monthly turnover figures indicated business returned to pre-loss levels then. The accountant said turnover increased a little - buoyed by extra publicity in relation to the reopening - but it tailed off again and the turnover for following months showed an ongoing reduction.
- Hiscox' accountants didn't agree the losses continued, or that there was evidence any downturn in turnover after M re-opened was solely attributable to the loss event, as opposed to other factors.
- Correspondence continued through to January 2025, when Hiscox agreed to extend the period of loss being covered to July 2024.
- I appreciate it would have been frustrating for Mr M that it went on for so long. Hiscox could have been quicker to confirm the accountant's fees would be covered. And it could have agreed to reviewing the ongoing losses a little sooner. But overall I don't think there was unnecessary delay. There was regular correspondence between the accountants about the evidence and discussions about different ways of calculating the claim.
- A claim like this is always likely to take some time to resolve, given the unusual circumstances, the need for forensic accountancy advice and the different ways of looking at the loss calculation. Any avoidable delay was short and the impact of that – over and above the time and effort that would always have been required to deal with the claim – was limited.
- Taking all of this into account I consider the compensation of £200 was reasonable for the additional trouble caused to M, over and above what would always have been required to deal with the claim.

### **My final decision**

My decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 9 April 2026.

Peter Whiteley  
**Ombudsman**