complaint

Miss A's complaint is about the handling of her subsidence claim by Congregational & General Insurance Public Limited ("C&G").

background

Miss A registered a claim with C&G in January 2012. It appointed a loss adjuster who inspected the damage in February 2012. In March 2012 the loss adjuster asked Miss A to provide a copy of the pre-purchase survey of her property. Miss A refused this request and submitted a complaint about the handling of the claim in April 2012.

In May 2012 C&G said that information disclosed when the policy was taken out was inaccurate. This particularly concerned the property's proximity to a river and the fact that she had lodgers staying there. It said it was necessary for the loss adjuster to re-attend and take a statement to clarify some discrepancies. In July 2012, following the conclusion of these enquiries, C&G authorised the claim and arranged for site investigations to be carried out in August 2012.

The engineer confirmed the cause of damage as subsidence caused by leaking drains. He recommended a six month period of monitoring following the repair to the drains, after which repairs to the property could be completed. In November 2012 the loss adjuster confirmed the necessary drainage works had been completed.

Unhappy with the delays and handling of her claim Miss A brought her complaint to this service. She feels C&G has never operated in a manner which has been cooperative, helpful or conducive to settling the claim.

In April 2012 C&G took the decision that it would no longer underwrite household insurance policies. As Miss A still had an on-going claim it arranged for her broker to find a policy to cover her. A policy was duly found but at more than three times her current premium with exclusions for flooding, lodgers' belongings, and liability and theft by forcible entry.

The adjudicator upheld the complaint and requested C&G pay Miss A £150 compensation for the distress and inconvenience caused to her.
In March 2012 the loss adjuster wrote to Miss A and requested a copy of the pre-purchase survey, but it was not explained to her in sufficiently clear terms why this was required.

Miss A wrote to C&G in April 2012 and refused to provide this information giving her reasons for this. C&G requested the report again and failed to address her concerns. In April 2012 Miss A contacted C&G again to request an update on her claim. She was informed that the claim could not progress without sight of the pre-purchase survey. Miss A was again not given an explanation as to why this was required. She subsequently made a complaint about the handling of her claim.

In May 2012 C&G responded to Miss A's complaint and explained its position. Following this letter the loss adjuster revisited Miss A's property to take a statement from her on the discrepancies, C&G contacted the broker and the claim was ultimately accepted.

Once the loss adjuster's report was made available, after Miss A's complaint, C&G responded fully. Miss A then fully co-operated with C&G and made the necessary documents available.

The adjudicator felt that if the position had been explained to Miss A at the outset the claim would have progressed quicker than it actually did. Because this did not happen Miss A felt that C&G's manner was un-cooperative and unhelpful.

The adjudicator concluded there had been an unreasonable delay for the period between February 2012 and May 2012 and that C&G should offer some compensation.

C&G said that the conditions of policy are that Miss A must provide all evidence or information that it may reasonably require during the course of a claim. It said that when Miss A called in April 2012 it had no other option but to repeat its request for the survey.

C&G said that Miss A had no real reason to refuse its request.

C&G said that after a complaint was raised it referred the matter to its underwriters who agreed to a compromise to move the claim forward. It said it was at this point the claim progressed and not the result of cooperation from Miss A. C&G said that Miss A was not proactive and that if the survey had been provided when it was asked for the claim would have been dealt with sooner. Because of this it considered the adjudicator's findings to be unreasonable.

With regard to the premium, after a review our adjudicator felt that C&G's decision to withdraw from the market unfairly disadvantaged Miss A as she had a substantially increased premium and had exclusions applied to her policy. He felt that C&G should pay to Miss A the balance between the premiums she was charged and those she would have been charged had she been able to keep her policy with C&G.

C&G thought it had honoured its commitment under the ABI agreement and said that Miss A had not been disadvantaged

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I fully accept that C&G felt it had to make enquiries because of the potential non-disclosure of the issues I have mentioned above. It also needed to investigate when the crack first appeared: to that extent the survey she had was relevant. However Miss A had quite openly disclosed the document to the loss adjuster on his first visit and explained why she was reluctant to let C&G have a copy. C&G did not say why it needed the information but when it did so Miss A was fully co-operative. I understand that C&G felt its position was justified but on balance I do think that its position caused two months delay in dealing with the claim. On top of that the loss adjuster made two appointments which he missed without telling Miss A beforehand. The adjudicator recommended a payment of £150 which I do not think unreasonable.

As regards the premiums, this was a subsidence claim and under the "*ABI Guidance on continuation of cover following a subsidence claim*", the following applies:

"Where a claim arises, the insurer handling the claim should normally continue to provide subsidence cover on the property after the repair is effected where the repair has been carried out under the insurer's direction, or with their approval".

Whist the agreement leaves decisions on pricing to insurers; I have to be satisfied that C&G's position was fair and reasonable.

I appreciate that it says as it no longer offered home insurance it could not offer Miss A another policy. Nevertheless, I do not see why Miss A should have to be disadvantaged. The reason for the agreement is to ensure that if a property suffers from possible subsidence, the customer is able to get insurance. In this case her premium more than tripled. She also had exclusions applied which did not apply when she had the policy with C&G. The policy that was obtained for her was as a new customer. I think it unlikely that had she been able to remain with C&G, she would have had such a high loading applied to her policy. This was not a very serious subsidence claim and the underwriter having control of the claim would, I think have been able to apply a more reasonable premium.

I think, therefore, that C&G should pay, the difference between what it would have charged under its home insurance policy had it continued to insure Miss A, and the amount she has in fact been charged or will be charged for the two years from the August 2012 renewal. To any refund of premiums it pays it should add interest at the rate of 8% per annum.

my final decision

My final decision is that I uphold this complaint. I direct Congregational & General Insurance Public Limited to:

- pay Miss A £150 compensation for the distress and inconvenience caused to her by its handling of her claim;

- for the policy years 2012-2013 and 2013-2014 pay to Miss A the difference in premiums between what it would have charged under its home insurance policy had it continued to insure Miss A and the amount she has in fact been charged;

- to any refund of premiums to add interest at the rate of 8% per annum (less any tax properly deductible) from the date the premiums were paid by Miss A to the date of payment.

Ray Lawley
ombudsman