

complaint

Mr R is unhappy with the handling of his subsidence claim and the policy cover not being renewed. The policy was provided by UK General Insurance (Ireland) Limited (UKGII).

background

Mr R made a claim for subsidence as cracks in his wall got worse. A loss adjuster was appointed to inspect the damage and validate the claim. To start with the damage wasn't accepted as subsidence by UKGII. Mr R had to get his own expert to issue a report before UKGII did get further experts involved and accepted that there was subsidence damage.

UKGII offered (after applying the £1,000 excess) £620.78 for the internal redecoration and repairs. But it said there was no cover and it was taking no further action to take in relation to the subsidence. Mr R didn't accept this and didn't cash the cheque. UKGII didn't offer renewal for the policy and Mr R has found it difficult to get insurance cover elsewhere. Mr R brought his complaint to this service.

Our adjudicator upheld the complaint. He said as subsidence was eventually accepted as the cause of the damage UKGII needed to provide an effective and lasting repair. Our adjudicator said that only paying for the redecoration and repair didn't provide this. He also pointed out The Association of British Insurers agreement for insurers to deal with subsidence claims and to continue to offer on going insurance cover. Our adjudicator said UKGII should deal with the claim, continue with policy cover and pay £300 to Mr R for the distress and inconvenience caused.

UKGII didn't accept this and asked for the complaint to be passed to an ombudsman for a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Eventually it was accepted by UKGII that Mr R's property had suffered from subsidence. UKGII has made a settlement offer in relation to the redecoration and repairs. However, it hasn't taken any definitive action to create a lasting and effective repair in relation to the actual subsidence problem. UKGII said that it doesn't need to as this would be outside the scope of the policy. I don't accept this and I don't find this to be fair and reasonable.

UKGII has given what it considers to be valid examples of why it has acted within the scope of its policy wording – I don't see any benefit in UKGII continuing with this approach. This service doesn't accept the examples given outweigh what the policy says and what UKGII need to do. Further, UKGII isn't following the usual approach this service takes to such complaints. Simply put UKGII hasn't put Mr R back in the position he was prior to the loss. Also despite what UKGII has said I don't accept that the subsidence claim isn't covered under the policy. Even if it was accepted that UKGII's policy was different and did exclude such cover as it is normally included as standard within most policies UKGII would need to show that it had clearly highlighted such an exclusion at the point of sale to Mr R. This isn't the case with this policy I haven't seen the exclusion in the policy.

It's clear that UKGII did contact Mr R's neighbour to start the process of dealing with the claim but when nothing came of this it took no further action. UKGII's point that it didn't take any further action to avoid a neighbourly dispute is unreasonable. It does nothing to deal with Mr R's claim. Mr R has made a valid claim and UKGII accept this. Therefore to take no action towards providing a lasting and effective repair is unfair. As agreement cannot be found with Mr R's neighbour then it's up to UKGII to find another way to source a suitable repair or take further action in relation to the neighbour. I don't accept UKGII's point that this is a consequential loss and not covered. I don't think that UKGII used this as a reason when it told Mr R it wasn't going to deal with the claim any further. I find UKGII hasn't dealt with the subsidence claim reasonably and it needs to.

Our adjudicator pointed out that before the redecoration and repair can be carried out effectively UKGII needs to undertake work to ensure that the ongoing movement has stopped. However, UKGII has put forward no other options for how it intends to repair the subsidence problem. Instead UKGII continues to refer to whether or not it's responsible. As UKGII provided Mr R with a policy of insurance – I find that it is responsible. Despite UKGII maintaining that it doesn't have to do the works as it's not covered this service is clear that it does need to in order to provide an effective and lasting repair. I find that UKGII needs to reconsider and deal with the subsidence claim before it can expect Mr R to accept any settlement offers for the internal repairs.

Once this has been done UKGII also needs to resolve the outstanding internal works to Mr R's satisfaction as the cost may have risen due to further deterioration. I accept that until the subsidence issue has been dealt with Mr R can't get this internal work completed.

In relation to not renewing Mr R's policy this goes against standard and accepted good industry practice and the agreed industry codes. Therefore, it also goes against the usual approach followed by this service. I find that this is unreasonable. Not only has UKGII not dealt with the claim it has left Mr R in a position where he would be extremely unlikely to find any other insurer who would be willing to offer cover. He has an outstanding claim and no suitable repairs carried out. I find that UKGII needs to provide Mr R with a suitable insurance policy for his buildings and contents policy in line with the cover it had provided him with prior to the loss.

UKGII haven't treated Mr R fairly or reasonably. He hasn't had his claim dealt with and he has had his policy removed. This would have had an impact on Mr R and left him in a very worrying situation with little chance of getting the issues resolved himself. UKGII should pay Mr R £300 for the distress and inconvenience it has caused him.

my final decision

I uphold this complaint.

I require UK General Insurance (Ireland) Limited to:

- deal with the subsidence claim by taking suitable measures to ensure an effective and lasting repair;
- arrange suitable buildings and contents insurance for Mr R in line with the cover he had in place previously;
- pay Mr R £300 for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 29 December 2015.

John Quinlan
ombudsman