

complaint

This complaint concerns the manner in which UK Insurance Limited and its agents handled Mr and Mrs A's claim on their home insurance policy. Mr and Mrs A have stated that as a result of the manner in which their claim was handled, they felt that they had no choice other than to appoint their own loss assessors.

background

In June 2011 Mr and Mrs A made a claim for fire damage to their kitchen and smoke damage to the remainder of the house.

Upon notification of the claim, UKI instructed its agents to assess and manage the claim. Shortly after the claim was made, Mr and Mrs A's fire and smoke damaged belongings were removed and disposed of.

UKI's agent then attended the property to assess the damage. Whilst the damage was being assessed, the agent noted that it appeared that Mr and Mrs A's contents had been underinsured. He therefore warned Mr and Mrs A that there was a possibility that their claim would be repudiated.

Immediately after the claim was made, Mr and Mrs A remained in the home with their son. After a week they moved into the home of a relative, they were then able to source a local hotel to stay in. Mr and Mrs A have explained that at this point, they had not received any financial contribution from UKI towards the cost of their alternative accommodation.

On 30 June 2011 UKI authorised Mr and Mrs A's alternative accommodation costs.

Mr and Mrs A said that owing to the underinsurance issue and the difficulties they experienced in obtaining funds for their alternative accommodation, they decided to appoint their own loss assessors to manage the claim on their behalf. This appointment was made on 6 July 2011 and was subject to a fee.

On 14 July Mr and Mrs A's loss assessors and UKI agreed to settle the claim on the basis that Mr and Mrs A's contents were 83% insured.

Prior to the referral of the complaint to this service, UKI offered Mr and Mrs A £80 compensation for the manner in which their claim was handled.

Our adjudicator assessed the offer made by UKI and concluded that it was unreasonable. She proposed a new offer and as a result UKI agreed to offer Mr and Mrs A an additional £500 compensation and an additional £105 disturbance allowance.

Mr and Mrs A have rejected UKI's new offer. In particular they have claimed an additional £500 for their son's rental accommodation for July – August 2011 (on top of the £500 already paid for June – July). UKI has stated that it arranged rental accommodation for them in July 2011 and that there was therefore no need for their son to pay further rent. It has also not received any invoice.

Mr and Mrs A also feel that they should receive further compensation as they were exposed to a health risk whilst they remained at the property for the first week after the fire. Our

adjudicator did not think this merited an increase in the compensation payment she had put forward.

They also thought that they should receive payment of their loss assessor's fees as they felt that they would not have received any payment for alternative accommodation if he hadn't been involved. Our adjudicator pointed out that the accommodation payment was agreed before the loss assessor was appointed, although Mr and Mrs A disagree with that.

The complaint has therefore been referred to me for consideration.

my findings

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

Mr and Mrs A's claim has been settled. Their remaining concerns are that:

- They do not think that the compensation offered is sufficient as, in particular, they were exposed to a health risk whilst they remained at the property for the first week after the fire. They have continuing health problems because of the claim.
- They have not been paid for their son's accommodation for July – August 2011.
- They want UKI to pay their loss assessor's fees.

The offer of compensation is £500 (and a disturbance allowance of £105); on top of the £80 Mr and Mrs A have already received. The circumstances were that the fire occurred in early June. A few days later UKI's contractors disposed of the fire damaged contents. I understand that Mr and Mrs A were distressed about this as they were then warned that they were underinsured and the claim may have been invalidated. UKI did not however arrange, or agree to pay for alternative accommodation until 30 June. I do consider that Mr and Mrs A and their son should have had alternative accommodation arranged for them immediately as it seems clear that the property was uninhabitable. The alternative accommodation usually comes under the buildings cover so the question of underinsurance should not have affected this.

I can also understand the concern over the health risks, although I have not seen evidence that Mr and Mrs A suffered any health problems because of staying that week in the property. As the adjudicator has explained, we do not award compensation for what *might* have happened. I do understand that the trauma of the whole claim has affected their health but I cannot hold UKI responsible for that. I have taken into account these issues and the delays by the loss adjuster in responding to e-mails. I have come to the conclusion that the total compensation, both paid and offered, of £580 together with the disturbance allowance of £105 is reasonable.

I understand that Mr and Mrs A received a payment for their son living in alternative accommodation for June–July 2011, but not for July-August 2011. UKI has pointed out that it has not received an invoice to pay but also that it arranged accommodation for the family from 22 July so a further month was not needed. There was however a gap between 9 July (the date the last payment was made to) and 22 July, during which Mr and Mrs A's son still had to live in separate accommodation and I think it likely that the month's rent would have

had to be paid in advance. So, subject to Mr and Mrs A producing an invoice or other proof of payment, I will direct UKI to pay the month's rent.

I have carefully considered the loss assessor's fees. I appreciate Mr and Mrs A's anxiety and the reasons why they appointed a loss assessor. Nevertheless, the main reason why he was appointed was because Mr and Mrs A could not get UKI to pay for their alternative accommodation. However it is clear that UKI's loss adjuster e-mailed Mr and Mrs A on 30 June, agreeing payment for the accommodation. Mr and Mrs A appointed their loss assessor on 6 July. This service does not usually award professional fees unless they can be shown to be necessary and I am not persuaded in this case that the loss assessor's fees were necessary to deal with the claim. I do not therefore propose to award them.

my final decision

My final decision is that I uphold Mr and Mrs A's complaint in part. I direct UK Insurance Limited to pay to Mr and Mrs A:

- £500 compensation (in addition to the £80 already paid) for the distress and inconvenience caused to them by its handling of their claim.
- A disturbance allowance of £105.
- The cost of their son's alternative accommodation for the period July to August 2011 subject to Mr and Mrs A producing proof of payment.

Ray Lawley
ombudsman