

complaint

Mr and Mrs F have complained about their home insurer U K Insurance Limited (UKI) in relation to a claim they made to it when oil was stolen from their home causing damage to their boiler and heating system.

background

Around 20 February 2018 Mr and Mrs F's heating stopped working, they discovered their oil supply had been stolen. This had damaged the boiler. They contacted an engineer, he couldn't restart the boiler without a new oil supply, whilst this was on order there was a backlog and weather conditions were preventing delivery. On 28 February 2018, having been without heating and hot water for a week, Mr and Mrs F called UKI and made a claim.

Unfortunately the claim did not progress as Mr and Mrs F had hoped:

- They were moved to a hotel but had to move home again a few weeks later.
- Water leaks were found, they had no heating or hot water.
- They remained in the home until May 2018; this affected their baby's health.
- When they moved out it was to a hotel again, there were delays with payment.
- When a holiday home was agreed for a time, UKI refused the extra £25/night cost.
- UKI changed the rate of allowance it was paying them whilst living in the hotel.
- They were warned UKI might not pay any more for accommodation.
- A dispute about the kitchen arose; culminating with a dispute over its replacement cost.
- UKI threatened to stop work because it said the heating wasn't left on.
- UKI's contractors damaged the garage, which UKI didn't accept.

UKI considered concerns Mr and Mrs F had raised and issued three final responses; the last of which was dated 28 January 2019. In short UKI said:

- It noted accommodation payments for December 2018 were outstanding but said these were being dealt with. And it may continue to pay costs even though the policy limit for this was nearly exhausted, if a medical report for the baby was seen.
- Its offer for replacing the kitchen was fair, it wouldn't be revising it.
- The heating did need to be left on.
- It wasn't liable for the damage to the garage.
- It accepted there had been failings and delays during the claim.
- It apologised for what it had put them through and paid a total of £1,000 compensation.

Mr and Mrs F remained unhappy. They complained to us. They updated us with what had happened since the January 2019 final response. When we checked with UKI it said it would only allow us to consider Mr and Mrs F's complaint in respect of activity which had occurred up until its final response letter of January 2019.

Our investigator reviewed the complaint. He felt that the compensation paid, in the circumstances, was fair and reasonable. He wasn't minded to make UKI do anything more.

Mr and Mrs F were unhappy. They said UKI's actions had drastically affected their baby's health. They said the financial implications of UKI's continued belated payments for accommodation had been severe. In short, they said UKI's handling of this claim had been horrendously poor and they'd suffered markedly as a result. They didn't think our investigator's findings had answered or considered all of their concerns. Their complaint was passed to me to consider.

I reviewed the complaint and felt that UKI should pay more compensation. I also felt it should pay more for costs Mr and Mrs F had incurred for living elsewhere.

UKI said it accepted my findings – but drew my attention to a further amount of compensation it had paid in early January 2019. I let Mr and Mrs F know and gave them a chance to check this had been received by them. This meant UKI, to the point of its last final response dated 28 January 2019, had paid a total of £1,200 compensation.

Mr and Mrs F didn't disagree with the amount of compensation UKI had paid to that date. But they were unhappy about my findings. In short, they felt I hadn't considered or answered all of their 41 points of complaint, and they remained unhappy about this complaint having been cut-off at the point of UKI's January 2019 final response. They said there were problems that had begun prior to January 2019 which I hadn't take into account or given an answer on, such as what was needed to reinstate their bathroom damaged by UKI in 2018.

my findings

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

41 points of complaint

In response to my provisional findings Mr and Mrs F have said they feel that not every issue has been fully investigated and ran down. They say that doing so is necessary as it will show "*continued misconduct and repeated patterns of dangerous behaviours.*"

Whilst I understand that Mr and Mrs F would like every call or contact investigating *and* commenting on – that isn't something that I feel is necessary to do. I have considered everything that has happened, and everything that both sides have said – having done so I'm satisfied that UKI failed them and caused them distress and inconvenience. I'd add that we are an informal dispute resolution service and our decisions need to be clear and workable in practice. So it isn't appropriate for me to provide a decision that answers the complaint purely in the way or in a form that is preferable to one or the other of the parties. And nor is this service the regulator, whose job it would be to lay bare systemic bad practices with a view to changing them. Rather I have to assess everything that happened, determine what went wrong, summarising situations where appropriate and detailing what I am and am not upholding and why. That is what I've done here and I'm satisfied that I've considered the complaint as a whole, as far as I'm able to (up to 28 January 2019).

bathroom, internal doors and a burglary

In response to my provisional decision Mr and Mrs F said I hadn't mentioned these points of concern. Mr and Mrs F are not happy with what UKI has said about repairing/replacing the bathroom and the doors which were damaged during 2018, and they said they are still suffering from having been burgled, which I had not mentioned.

I am considering the period up until 28 January 2019. But the dispute about the bathroom and internal doors did not reach deadlock until after that time. And the burglary did not occur until April 2019. So Mr and Mrs F's complaint about these issues did not arise until after the period I am able to consider as part of this complaint. That is why, apart from responding to

this specific query about why these aspects don't feature as part of my decision, I haven't mentioned the issues or the circumstances that surround them here.

kitchen

I said provisionally:

"UKI initially, based on the advice of its contractor, said a new kitchen wasn't required. But it changed its view when Mr and Mrs F sent it photos – and it was actually quite disappointed to see the work its contractor had undertaken. It agreed to replace the kitchen, and it revised its offer of settlement for this on three occasions – the last time in January 2019 when it realised tiling hadn't been accounted for. UKI's final offer was £18,063 but Mr and Mrs F remained unhappy with this.

I understand why UKI relied on its contractor's advice – but it's clear its contractor was wrong in this respect. But UKI did, once evidence of the state of the kitchen was presented to it, change its mind. I appreciate that UKI not initially including everything in its settlement was frustrating – but again once it was shown that other costs were required it amended its offer. I think that was reasonable. Whilst I know Mr and Mrs F are unhappy with the final settlement amount, this doesn't seem unreasonable to me. Importantly, I've not seen evidence from Mr and Mrs F; either of what they paid for their replacement kitchen or which shows UKI should reasonably have paid them more. I have commented below though on how this affected the progress of the claim."

In response to my provisional findings, Mr and Mrs F said they were not unhappy with the settlement for the kitchen – rather they detailed what had happened with the kitchen as an example of UKI's behaviour. I'm pleased to note that Mr and Mrs F are satisfied with the kitchen settlement.

heating

I said provisionally: – *"Mr and Mrs F said the heating was on. UKI's contractor reported it wasn't. I have no way to know which is most likely the case. But it wasn't unreasonable for UKI to rely on what its contractor told it, or for it to let Mr and Mrs F know that if the heating wasn't left on it would need to stop work. I'm pleased to note though that this situation didn't escalate and the reinstatement work wasn't impacted."*

Mr and Mrs F made no comment in respect of this finding.

garage

I said provisionally: – *"The glass in the door was broken. Mr and Mrs F felt this must have been done by the contractor. UKI looked into this but the contractor denied liability. I think it was reasonable for UKI to conclude that its contractor hadn't been shown to be liable for this damage."*

Mr and Mrs F said the door was damaged at the top by a large lorry. This, they said, can be verified by their repairer.

I appreciate that Mr and Mrs F believe their garage door was damaged by a UKI contractor. But I haven't seen any evidence that makes me think this is most likely the case. In saying that I bear in mind that even if their repairer could provide a persuasive report which

determines what type of vehicle likely caused this damage – I've no way of knowing whether the vehicle which actually did the damage belonged to UKI's contractors.

alternative accommodation

I said provisionally:

"I think this could have been handled better. It isn't unusual, or necessarily unreasonable for an insurer to ask its policyholder to pay for accommodation costs up front and then claim back their outlay. But in this case a family of seven were staying in a hotel, and UKI gave no guidance or assistance in respect of how this extraordinary cost for the family should be managed, costs for which might be difficult for even a small family to manage. I think UKI paid costs during 2018, at least until October, in a reasonably timely manner, but without direction from UKI, Mr and Mrs F were submitting invoices in bulk and this meant they were often incurring costs in the thousands before UKI was paying them back. I accept this caused them some financial stress and pressure. I'm going to require UKI to pay interest on each hotel cost they incurred from the date they paid it until UKI reimbursed it.

I'm also going to require UKI to pay Mr and Mrs F a further £25 per night, plus interest for the period they spent in the holiday home. I believe this was at the end of August 2018, possibly until sometime in September 2018 – but I haven't seen detail of the exact booking or dates. I don't think it was unreasonable, after months in a hotel for the family to want to stay somewhere a bit like home. I think it's reasonable to require UKI to pay for that.*

Since it issued its January 2019 response UKI has, I understand, paid the accommodation payments that were outstanding at the point of the January letter. I know other concerns regarding accommodation costs arose following the January 2019 final response, but I can't consider those here."

Mr and Mrs F said that my comments here only scratched the surface. They said the delays were horrendous and caused them untold difficulties – the cumulative effect over three years had been unbearable.

As I said, *for the time period I'm considering*, UKI should've managed this better. I've explained how and why I feel it failed them in this respect, and I'm making it pay interest to account for the financial loss. Also, I took into account the stress they were caused when awarding compensation. I appreciate after 28 January 2019, Mr and Mrs F's financial situation became more strained and the situation surrounding alternative accommodation developed – but I've explained that I can't consider that here.

disturbance allowance

I said provisionally:

"Mr and Mrs F have never understood why the allowance changed. UKI has said it's always up to the handler's discretion what to pay. Whilst that may be, I'd expect there to be some logic or reason for a change like this, especially part way through a claim where the policyholder has reasonably been relying on a higher payment. I've seen no good reason not to treat Mr and Mrs F's 17-year old son as an adult.

I understand that whilst the family lived in their damaged home in March – May 2018 there was no heating or hot water. If they didn't receive a disturbance allowance for this period, they should have done. UKI should pay this now.

In September 2018 UKI accepted that it owed Mr and Mrs F disturbance allowance from 29 May 2018 to the point they moved into the holiday home, which was 13 August 2018. But it noted there was a period of around a week during that time when the family was on holiday. UKI paid the allowance for that period at a rate of £45/day. This should've been £50/day – based on £10/day being paid for the adult son, rather than £5. I'm prepared to say that UKI should now pay Mr and Mrs F £350 (70 days at £5 a day).

I also think this should have been handled better by UKI. It knew the family were experiencing massive costs living away from home, and it knew it had agreed to pay the disturbance allowance. They shouldn't have been left without this payment for so long and I accept this added to the financial pressure they felt. Given their situation, I'm going to say UKI should add interest to the total allowance paid for this period, and that I've now found due, from 29 May 2018 until settlement is made.”

In reply Mr and Mrs F said that I need to reinvestigate this issue. They said I must determine why there is such an inconsistency between this and a previous claim they made. This time they had an extra child but their allowance was halved. And they emphasised that here it was over a period of months that they had to bear the extra costs.

I haven't seen that UKI paid double for a disturbance allowance in the previous claim. Importantly for me, during this claim, apart from the error I highlighted provisionally regarding how Mr and Mrs F's adult son was categorised, UKI paid the allowance at what I consider to be a normal and reasonable rate. And I've seen no reason that would make me think it should have paid it at a higher rate (excepting what I've said about the adult son). Even if UKI had paid it at a higher rate before – that would not tie it to having to make payments like that again. Nor would I expect it to have to explain why it was paying a different rate, from what it had paid before, during this claim. Simply put – that was then and this is now. The question for me was did it pay a fair and reasonable disturbance allowance during this claim – and I've given my answer on that in my provisional findings, my view in respect of which has not changed.

baby's health

I said provisionally:

“I'm sorry to hear that Mr and Mrs F's baby suffered during this claim. I understand that Mr and Mrs F feel his health condition was caused because he was exposed to mould at an early age when the family, during March, April and May 2018 had to live in the damp house.

I've considered the medical report provided by Mr and Mrs F. I can see that this concludes the baby likely has a severe allergy to mould and that the family should take every precaution to avoid exposing him to the allergen. I see that whilst they'd come to suspect that this was the case in May 2018, it was June 2018 when their concerns were confirmed by a registrar working under a consultant neonatologist, who then provided the report. But the report doesn't conclude or even suggest what the likely root cause of the allergy is.

Even if it was shown that exposure at a young age had likely caused the allergy to manifest, I don't think this is something I could reasonably say UKI should have foreseen as a

possibility, meaning it should have acted to guard against it. And I see that once Mrs F raised her concerns with it in May, after she began to believe that mould was the cause of the baby's health issues, UKI agreed to fund emergency hotel accommodation. Further accommodation costs were then paid, even though the policy limit had been exceeded and even though in October/November 2018 UKI felt the house was generally habitable. So whilst I understand Mr and Mrs F blaming UKI for this unfortunate health issue, I'm not persuaded that it is likely its fault, and I think it has responded reasonably to the situation as it's presented itself and as the claim progressed. I'd add again here, I am only considering events up to the end of January 2019."

In response Mr and Mrs F said UKI has never taken their baby's health and medical condition seriously. They said it had undermined it at every turn, even mocking it.

Mr and Mrs F said they should have been moved out immediately – when there'd been a small leak from a radiator the year before, before the baby was born, they'd been moved out immediately in line with standard safety procedures but that had not happened here. They said UKI had accepted it had been wrong to not move them out – so how could I say differently, especially as Mrs F had been raising concerns about her own health throughout. Moreover, they said, their claims handler had been aware that they'd been moved out of their home following the radiator leak because of difficulties Mrs F, who had been pregnant at that time, had with breathing.

There is no standard or rule which says when a leak occurs a home is immediately considered to be uninhabitable and any residents must be moved out. However, when a home is lacking its basic facilities, or in some cases where these are limited in some way if still partially functioning, it is often considered to be uninhabitable. And when a home is uninhabitable we would expect an insurer to offer alternative accommodation. But it can't force a policyholder to move out, even if it was made aware of health concerns – which I haven't seen UKI was here until May 2018. But I do see that in April 2018 Mrs F had brokered a deal with UKI in respect of plumbing work on the basis they had chosen to stay in their home and thereby saved UKI the cost of alternative accommodation. So I don't think that even they were aware, at that time, that the property posed a risk to their baby's health, or that they'd felt they needed to move out because Mrs F's own health was suffering.

I know Mrs F says she was told, at one point, after she'd begun to have concerns over the baby's health, that she should 'just take the baby home'. But it isn't clear to me when that conversation took place – I'm mindful that the complaint about whether the family should move home or not progressed during 2019, outside of the remit of my consideration. In respect of the early months of the claim, UKI hasn't been able to find any recordings of phone calls, so I haven't been able to hear what was said by both parties. But, as I explained provisionally, UKI's file notes show that once Mrs F drew concerns about her baby's health to its attention in May 2018, it acted to provide accommodation because of that.

claim handling and delay

I said provisionally:

"It's clear to me there was a mix-up with the payment for the hotel booking in February which resulted in the family having difficulty with the hotelier. I know the family had to move around a lot too. As I said above I think the accommodation situation, including the payment of disturbance allowance, could have been handled better. I'm satisfied that a lot of stress and worry was caused to Mr and Mrs F because it wasn't.

UKI has accepted that there was poor communication and a lack of professionalism at times during this claim. It also accepts there have been delays.

I can see that Mr and Mrs F had to chase UKI a lot. Whilst stripping and drying of the property should have begun in May 2018 – UKI told Mr and Mrs F it had no contractors available until September and tasked them with finding a contractor. Mr and Mrs F found that difficult, when they told UKI it managed to find contractors to do the work. The property was stripped by the end of July and dry by the end of August 2018.

It was then estimated the reinstatement would complete in around four weeks. But this was later revised to early November, and it was around then that the problems with the kitchen became apparent. It was the end of November before UKI accepted the kitchen needed replacing. I've seen no good reason for the period of work extending as it did. Regarding the kitchen; UKI's contractor had clearly carried out poor work and gave UKI poor advice about the need for the kitchen to be replaced. I think the claim over these months could and should have been condensed. I think UKI undoubtedly caused delays and I accept this was upsetting and frustrating for Mr and Mrs F.

I'm aware that UKI has paid a total of £1,000 compensation so far for the upset caused to 29 January 2019. I think that shows UKI genuinely accepts that it failed Mr and Mrs F and that it has intended to do what it can to put that right. But I'm not persuaded that goes far enough in the circumstances here. I think fair and reasonable compensation totals £2,000."

Mr and Mrs F said I was wrong about the kitchen – they had witnessed UKI's claims handler deny the contractor's request for a replacement. They had also first raised concerns about the state of the kitchen in the summer. They felt I can't have investigated this properly or I wouldn't have concluded that the contractor had misled UKI or that the problems with the kitchen only became apparent in early November. They said I had not mentioned what they felt was constant mental abuse from UKI, designed to wear them down and make them give up. Mr and Mrs F said that £2,000 for everything they'd been through wasn't in anyway sufficient and only an apology and a department held properly to account would be likely to ensure that any change for the better within UKI actually occurred.

In the contemporaneous evidence I've seen the state of the kitchen isn't mentioned until early November. It may well be that it was discussed before that – but I've seen nothing that makes me think that is likely the case. And when UKI did begin to look into it in November its records show that the condition was initially down-played by the contractor and it was only following Mr and Mrs F providing photos that the claim handler accepted the work needed resolving. This then led to concerns about damage the kitchen had sustained during drying. Whilst I wasn't privy to the on-site discussions regarding this, and which Mr and Mrs F have referred to, UKI did eventually agree to replace the kitchen. In any event, UKI is responsible for the state of the kitchen – and for the delays in resolving that which, I'm satisfied, had a knock-on effect on the claim as a whole. I highlighted what I'd seen from UKI's records (that the contractor had misled UKI, which Mr and Mrs F wouldn't have been aware of) because it evidenced what I felt was the start of the delay and that UKI was responsible for it.

This service is not the regulator, so I can't make findings with a view to holding UKI, or any of its departments to account for what went on, or make awards with a view to generating change. I appreciate how Mr and Mrs F have felt during this on-going claim. And, as I've said, I do think UKI failed them at times. But I don't see anything that makes me think UKI set out to fail them or to avoid dealing with them, or to make decisions that had a malintent

behind them. UKI failed them and they've clearly suffered as a result – my findings and award, in my view, for the period I am considering, fairly and reasonably reflect that.

To clarify, as mentioned in my background above, for the period up to its final response of 28 January 2019, UKI paid a total of £1,200 compensation. I remain satisfied that a total of £2,000 compensation is fairly and reasonably due to Mr and Mrs F for the distress and inconvenience they suffered during this time due to UKI's failures. I'm going to require it to pay the £800 outstanding.

my final decision

I uphold this complaint. I require U K Insurance Limited to pay Mr and Mrs F:

- An amount equivalent to interest* on every accommodation cost Mr and Mrs F incurred from the date they incurred it until reimbursement was made.
- An amount equivalent to £25 a night across the period the family stayed in a holiday home in August/September 2018, plus interest* from the date they paid for the holiday home until settlement is made.
- £350 as a further disturbance allowance for their adult son.
- An amount equivalent to interest* on the total disturbance allowance amount, paid previously and now due, for the period May – August 2018, from 29 May 2018 until settlement is made.
- A further £800 in compensation (making total compensation paid by it for upset caused during the period subject of this complaint, £2,000).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs F to accept or reject my decision before 16 July 2021.

Fiona Robinson

ombudsman

*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. If U K Insurance Limited considers that it's required by HM Revenue & Customs to take off income tax from any interest due to Mr and Mrs F, it should tell them how much it's taken off. It should also give Mr and Mrs F a certificate showing this if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.