

complaint

Mrs A complains the Society of Lloyd's ('SoL') delayed her landlord insurance claim, for fire damage to a property she owned. She says she suffered financial losses and upset as a result.

background

In October 2017, Mrs A made a claim on her landlord insurance policy for fire damaged. In early-2019, she made a complaint about the progress of the claim, and SoL offered £350 compensation. Mrs A remained unhappy, so she referred her complaint to this service.

One of our investigators *partially* upheld Mrs A's complaint. He recommended a further £300 compensation be paid due to the delays during the claim, in addition to the £350 SoL had already offered. Because Mrs A disagreed with our investigator's outcome, her complaint has been passed to me to decide.

The claim has moved on since the complaint was first referred to our service. Some issues have been resolved, whilst new issues have been raised. I understand the following to be the issues that Mrs A would like me to consider:

- The time taken to agree the settlement for the remedial works, and the delays during the scoping and tender process.
- The financial losses Mrs A says she's suffered due to: a fall in the property market, changes to rental income tax rules, and her fixed rate mortgage ending. She says these losses wouldn't have been incurred if the claim hadn't been delayed.
- The cost of a replacement boiler and cooker, which Mrs A says stopped working due to being inactive for so long.
- Loss of rent for two additional months after the insured works were completed, but whilst the boiler was replaced and then the appropriate landlord certificates were obtained.
- The cost of replacement locks after they were tampered with and damaged whilst the property was unoccupied; council tax charges whilst the property was unoccupied; and garden maintenance costs due to the property being unoccupied for so long.
- The cost of resolving a damp issue which Mrs A paid for and says was caused by the fire being extinguished.

my findings

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

I will set out my findings under the following three headings: 'claim delays and financial losses'; 'replacement boiler and loss of rent'; and 'locks, damp, cooker, council tax and garden maintenance'.

claim delays and financial losses

When the complaint was referred to this service the claim was subject to ongoing tender and scoping discussions; and it's not clear from the information we have been provided whether the claim was then cash settled, or a contractor from SoL's network completed the works. However, I understand the scoping and tender considerations were resolved *about* 18 months after the claim was made, and the works were completed a few months later.

I accept that for a claim of this value it's likely to take some time to determine the required works and the reasonable costs. I also accept some delays here were due to the ongoing discussions between SoL and Mrs A's loss assessor. However, 18 months is a relatively significant amount of time for a claim settlement to be agreed and I've not been shown anything that persuades me the time taken was unavoidable or reasonable.

We haven't been provided with much detail by either party about why it took so long for the scoping and tender issues to be resolved. But our investigator concluded that SoL had unnecessarily extended the claim process by about nine months and neither party has disputed his estimations, so I've kept that period of delay in mind.

Mrs A is claiming for several financial losses which she argues she's suffered due to SoL delaying the claim. I'm sorry to disappoint Mrs A, but I'm not persuaded I can reasonably make an award for the losses she is claiming for. I'll explain why.

Mrs A put the property up for sale after the repairs were completed, and she says its market value was substantially less than what it would have been a year before. She also says she suffered a loss due to rental income tax rule changes, and her fixed rate mortgage ending, during the claim. Mrs A argues she couldn't offset these increased costs by increasing the rent or by selling the property, or obtain a more preferential mortgage rate, whilst the property was uninhabitable. Instead, her rental income was limited to the loss of rent payments being made by SoL, as per the tenancy agreement in place when the fire occurred.

Mrs A hasn't provided anything that shows she would have achieved a higher sale price, or a higher rental income, if the property had been marketed sooner – or to show how quickly the property would have sold or tenants been found. In any event, the property wasn't subject to an offer from a prospective buyer or tenants during the claim, so I can't reasonably decide that Mrs A lost out here as a result of the claim being delayed.

I also haven't seen anything that shows Mrs A was unable to re-mortgage the property whilst the claim was ongoing; or to persuade me she would have taken this route, rather than trying to sell the property, had the repairs been completed sooner.

I accept the claim delays would have been frustrating for Mrs A, and caused her some upset. I also note some loss of rent and a payment for flooring were delayed, which caused some difficulties. However, it wasn't Mrs A's own home that was affected, and SoL was covering the rent she was losing due to the tenants having to leave the property. Taking everything into consideration, I'm persuaded that £650 is fair compensation for the impact the claim delays can reasonably be said to have had on Mrs A. So, I'm not awarding her anything more.

replacement boiler and loss of rent

The boiler wasn't damaged by the fire. However, Mrs A says that it stopped working due to it not being used for so long, and she points towards the delays during the claim. SoL made a 50% contribution towards her replacement boiler costs. Mrs A would like all her boiler costs to be reimbursed and two months' loss of rent to be covered whilst the boiler was replaced, and the necessary landlord certificates obtained.

The boiler was relatively old, and it was on the manufacturer's obsolete list. We haven't been shown anything that supports the delays caused it to stop working, or that it would have still been working had the works been completed sooner. It's possible that it may have come to the end of its serviceable life during the time it was switched off, even if it had been in use. Therefore, I'm not persuaded that SoL's claim delays were the *main* reason the boiler stopped working, and given it wasn't damaged by the fire, I'm satisfied SoL's 50% contribution was fair.

Mrs A says that she's lost out on two months' rent whilst the property was without a working boiler, which was discovered after the fire damage repairs were completed and her loss of rent payments had ended. However, the property was then sold rather than being let out again. Therefore, I'm not persuaded I can reasonably conclude Mrs A lost out on rent because of the boiler situation.

locks, damp, cooker, council tax, and garden maintenance

Based on the information we have received, it's my understanding that SoL hasn't previously considered a claim for the locks, cooker, council tax, or garden; or a complaint about its decision on the damp at the property. These items also weren't considered by our investigator.

This means I can't fairly decide those issues here. I would be pre-empting SoL's outcome. If Mrs A wishes to pursue these points, she needs to raise them with SoL first.

my final decision

For the reasons set out above, I uphold this complaint *in part*.

My final decision is the Society of Lloyd's should compensate Mrs A £650. If the £350 originally offered has already been paid, it only needs to pay a further £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 6 August 2020.

Vince Martin
ombudsman