complaint

Mrs G and Mr M are unhappy with the cash settlement proposed by UK Insurance Limited for remedial work following their claim under their home insurance for damage caused by a water leak.

background

Mrs G and Mr M made a claim following a water leak to UKI in 2012. Without going into the history of the claim, following repairs there was a substantial “snagging” list. In a decision made by this service it was directed that an independent surveyor be appointed. He was to report on all aspects of the work and say whether they were completed to a reasonable standard. That report was prepared. Mrs G and Mr M obtained quotations from their own preferred tradesmen. UKI disagreed with the pricing and referred the matter back to the surveyor who commented on it. But Mrs G and Mr M were unwilling for him to draw up a schedule of works. UKI asked its loss adjuster to price the works and his figure was a lot less than the quotations. Mrs G and Mr M felt that their tradesmen had given reasonable quotations for the work and they shouldn’t be forced to accept a figure based on a desktop assessment.

On referral to this service our adjudicator thought that the matter should be referred back to the surveyor for him to draw up a schedule of works and then put the matter out to tender. He also thought that UKI should pay Mrs G and Mr M’s reasonable costs to live elsewhere.

Mrs G and Mr M didn't agree, they also pointed out that they could only get somewhere to live on a six month let. The matter has been referred to me for a 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.

I am concerned here only with the cash settlement. Mrs G’s and Mr M’s concerns about the way the case has been handled will be dealt with once the matter is settled.

This is a settlement following insured repairs which need to be rectified. Mrs G and Mr M want to use their own contractors. They should have a settlement which will enable them to get the work done, rather than a theoretical amount. On the other hand it is fair for UKI to query the cost, when its loss adjusters have assessed it at about half of what Mrs G and Mr M have had quoted to them.

The adjudicator has proposed going back to the independent surveyor. I think that’s the only fair way of resolving the matter. There are concerns about what further work may become necessary. But I think this can be dealt with by the surveyor deciding on a reasonable contingency figure.

Mrs G and Mr M are concerned about where they will live while the work is done. In particular they want accommodation to enable Mr M to travel to work and for three people to stay there with visits from other relatives. This means at least a three bedroomed house or apartment. They also point out that in let accommodation they will have to pay council tax and other bills. UKI should pay any council tax on where Mrs G and Mrs M are staying and the cost of any utilities used at their home while the work is being done. It’s also agreed to pay a daily cash allowance. If the only way of getting let accommodation is a six month let then UKI will have to pay this, or pay for a hotel. I think it reasonable for UKI to arrange the accommodation, but if Mrs G and Mr M really would prefer a cash settlement, it would have to be based on what UKI would pay if it used its own agents. The surveyor should give his opinion, as to how long the work will take.

I will set out my directions below as to how the surveyor is to be instructed. Mrs G and Mr M have requested that their own loss assessor be present when contractors visit. I don't think that's appropriate. The surveyor should be independent and represent both sides. He should however be prepared to answer any queries following his drawing up of the schedule.

Finally, the cost of the work and the other expenses shouldn't be included as part of the total claim, as recorded for insurance purposes, as it is remedial work.

my final decision

I uphold the complaint. I direct UK Insurance Limited to:

- jointly with Mrs G and Mr M, appoint the independent surveyor previously used to:
    - draw up a scope of the outstanding repairs to the insured property based on his snagging schedule. The scope should include any additional work that he feels is required because of the delay in completing the snagging work.
    - nominate three new contractors to each prepare a tender for the work based on his schedule of works. The surveyor should instruct the contractors in the preparation of the tender to ensure the costs proposed reflect the scope of work.
    - give his opinion as to what would be a reasonable amount for a contingency fund and project management costs for the work that is required.
    - give his opinion as to a reasonable sum for removal and storage costs and final cleaning costs to reflect current prices.
- pay any costs related to the surveyor's reappointment.
- pay a cash settlement equivalent to the middle estimate of the three contractors' tenders plus the sums the surveyor recommends for a contingency fund, project management, cleaning, and removal and storage costs.
- pay the reasonable cost of alternative accommodation while the repairs are being carried out, in line with what I've said above.
- pay the agreed disturbance allowance of £15 per person per day whilst the repairs are being carried out.
- pay any council tax costs which Mrs G and Mr M are liable for on the property they live in whilst the repairs are being done.
- pay any utility costs incurred on their home during the repair works.
- not to record the cost of this work and associated costs, as part of the insurance claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G and Mr M to accept or reject my decision before 15 February 2016.

Ray Lawley
ombudsman