

## **complaint**

Mr S is unhappy with the way Great Lakes Reinsurance (UK) SE has handled a claim under his home insurance policy and the settlement it's offered him.

## **background**

In May 2009 there was a fire at Mr S's house. He suffered severe burns. There was significant damage to his home and contents.

Great Lakes appointed a loss adjuster to investigate the claim. It arranged for the property to be cleaned, the contents salvaged and the disposal of contents which were beyond economic repair. It also arranged for Mr S to stay elsewhere while his property was being repaired.

The loss adjuster arranged for a contractor to repair the fire damage at Mr S's property. Mr S privately arranged with the same contractor for it to carry out some uninsured work at the property. He said he paid £2,000 for that work. He doesn't think the work was carried out satisfactorily. In August 2009 the contractor refused to continue working at the property.

The loss adjuster arranged for another contractor to finish the insured works and by November 2009 they were mostly completed. By April 2010 the works had been completed apart from some minor snagging issues.

Due to poor health Mr S wasn't able to provide Great Lakes with a list of the contents he wished to claim for until 2011. Great Lakes said it would have offered £54,000 for them if he'd been fully insured. Great Lakes thought Mr S should have insured his contents for at least £89,000.

But Mr S had only insured his contents for £41,500. Because he hadn't insured his contents for their true value, Great Lakes said it was entitled to reduce its liability for the claim proportionately. It offered Mr S £25,000 for his contents.

Mr S wasn't happy with this but due to continuing poor health he didn't pursue this until 2015. Great Lakes accepted that there'd been some delays and minor service issues in handling Mr S's claim. It offered Mr S £200 for the trouble and upset caused by that.

Mr S complained to this service about:

- the delay in completing the building works to his home;
- the contractor not carrying out additional works that he'd paid for;
- possessions which he believed were recoverable being removed by agents of Great Lakes; and
- the settlement offered by Great Lakes for his contents.

Our adjudicator didn't uphold the complaint. As Mr S didn't agree, the matter has been referred to me.

## **my findings**

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

*delay*

Mr S clearly feels he's was very badly let down by the first builder who stopped work at his property midway through the works. The builder told Great Lakes that was because of a disagreement with Mr S. I don't think it would have been practical or cost-effective for Great Lakes to take action against the first builder. Nor was it obliged to do so.

At first Great Lakes thought the best option was to give Mr S a cash settlement to finish the remaining works. Then Mr S complained that it would be difficult for him to arrange that because of his health problems. So Great Lakes instructed another contractor to finish the works.

There was some delay as a result of this but I think that Great Lakes took reasonable action to minimise unnecessary delay.

*the builder not completing additional works that Mr S had paid for*

I can understand that this was very frustrating for Mr S. But I don't think Great Lakes can be blamed for a private arrangement between Mr S and the builder going wrong. Mr S says that Great Lakes' loss adjuster and surveyor were aware of this arrangement. I don't think that the fact that they were aware of it means that they now have a duty to put things right for him. I might think differently if they'd assumed any control over the works or taken on responsibility for them but I haven't seen any evidence to suggest that was the case here.

*possessions which he believed were recoverable being removed by agents of Great Lakes*

Mr S says that he was pressured by the loss adjuster to move a car which he was restoring in his garage. This car wasn't insured with Great Lakes. Great Lakes say that the loss adjuster just told Mr S that the car would have to be removed before the property could be assessed for damage and works begun. Since the fire started in the garage, I can understand why that was necessary. Although Mr S may well have found it difficult to arrange for the car to be salvaged when he was still recovering from his injuries, I don't think it was the fault of Great Lakes or its agents that he made a decision which he later regretted.

Mr S also had many metal tools in the garage which he valued at over £40,000. He thought these could have been cleaned and reused. The loss adjuster said that the smoke had caused pitting to the tools. Also some tools had handles made from other materials which had suffered other damage in the fire. Having reviewed the photographs of the items in the garage and considering the severity of the fire, I agree with our adjudicator that Great Lakes wasn't unreasonable in saying that these items were beyond economical repair.

One of the items in the garage was metal racking which Mr S says cost him £3,000. Unfortunately he doesn't have any evidence of that. Great Lakes has estimated its value at £1,000. In the absence of any proof that it was worth more, I don't think Great Lakes has treated Mr S unreasonably.

Lastly Mr S says that Great Lakes disposed of curtains and carpets in rooms that weren't affected by the fire. The loss adjuster said that the carpets were covered in fire debris and the curtains were smoke damaged. It didn't think these items could be satisfactorily cleaned. So it included the cost of replacing them in its settlement offer. I don't think this was unfair of Great Lakes.

*settlement*

Great Lakes didn't sell Mr S his policy or advise him on how much to insure his contents for. So any complaint about the level of cover or the sales process must be directed towards the broker that sold him the policy.

In respect of Great Lakes' actions upon discovering that Mr S was underinsured, my only concern is whether the policy terms and conditions contained a clause entitling it to reduce its liability proportionately and, if they did, whether that clause has been applied correctly. I've seen a copy of the policy terms and conditions and I'm satisfied that they do contain a clearly worded underinsurance clause which Great Lakes was entitled to apply. I'm also satisfied that it has applied it correctly to Mr S's claim.

I appreciate that my decision will come as a disappointment to Mr S who had suffered greatly as a result of the fire but I don't think Great Lakes has treated him unfairly or unreasonably.

**my final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 3 May 2016.

Elizabeth Grant  
**ombudsman**