

complaint

Mr H and Miss W complain about the amount esure Insurance Limited (“esure”) offered in settlement of their buildings insurance claim. They’re also unhappy with the way esure dealt with the claim.

background

I’ve attached my provisional decision from June 2017, which forms part of this final decision.

In my provisional decision I set out why I planned to uphold the complaint. I asked Mr H and Miss W and esure to let me have any further comments and evidence by 6 July 2017.

Mr H and Miss W replied to say they broadly accept my provisional decision. But they weren’t sure that the labour costs mentioned were sufficient. And they mentioned that the electrics in their property needed testing as water marks had gone above an electric socket.

esure didn’t respond to my provisional 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.

Mr H and Miss W aren’t sure that the proposal about labour costs goes far enough. But I think that esure has offered a fair way forward here by offering to pay costs based on local tradesman’s rates rather than preferential rates. That seems reasonable to me as it’s more representative of the likely actual costs that would be levied for the layperson if they wanted similar work done.

Mr H and Miss W also say I didn’t mention anything about the water marks above one of the electric sockets. I’ve thought about this and think it’s quite possible the socket could’ve dried out by now as it’s been almost a year since the water leak happened. I think from what I’ve seen that the appropriate parts of the property were dried out (although there was some initial confusion about who would do that). So I don’t think it’s particularly necessary for this to be tested by the insurer. Mr H and Miss W may wish to ask a suitably qualified electrician to test this if they’re still unsure. They can then decide whether they need to submit any cost to esure for any rectification works that need to be carried out that’s specifically and only related to damage caused by the water leak.

Other than the above, I see no reason to change what I said in my provisional decision.

my final decision

My final decision is that I uphold this complaint and instruct esure Insurance Limited to do the following:

- arrange to have the plinth heater tested and to pay for the cost to replace it if it’s deemed uneconomical to repair;
- pay 100% of the cost to replace the damaged floor units;
- reassess its claim figure taking into account the points I’ve made about the cost of materials and labour costs.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Miss W to accept or reject my decision before 14 August 2017.

Dan Picken
ombudsman

copy of provisional decision

complaint

Mr H and Miss W complain about the amount esure Insurance Limited (“esure”) offered in settlement of their buildings insurance claim. They’re also unhappy with the way esure dealt with the claim.

background

Mr H and Miss W noticed a leak in their kitchen in 2016 after they came back from a holiday. They initially thought there was a problem with the plinth heater so they asked a separate insurer to look at the problem. Mr H and Miss W then contacted esure who sent someone round to assess the damage.

The loss adjusters said there was an escape of water which had caused damage to the kitchen and the flooring which extended into the living room, hallway and downstairs toilet. They recommended the kitchen floor should be dried under the units, along with the right hand side wall. The front of the sink wall needed to be dried as well. The adjuster also felt it was likely there was water sitting under the kitchen units which was affecting the partition wall backing onto the dining room. So he suggested removing the skirting board to allow it to dry. He assessed the value of the claim to be £3,787.21 less the policy excess.

Mr H and Miss W say the adjuster asked them to remove the plinths in the kitchen so the floor would dry out. They did this and noticed the water damage was much worse than previously thought and had come from the dishwasher. Mr H and Miss W noticed water under all of the kitchen base units and around the plinth heater. And they also saw that the kitchen unit carcasses went down to the floor and were sat in water, whereas the adjuster had said these units were on legs and so weren’t likely affected by what had happened.

Mr H and Miss W got back in touch with the adjuster straight away and they came round to re-inspect the damage. The adjuster noticed the leak was still ongoing and said that:

- Mr H and Miss W had stripped out some of the tiled kitchen floor, removed the plinths and put the chipboard units onto the concrete (which had now swollen due to concrete floor water).
- The mitred worktop needed to be replaced
- The sink and dual fuel hob should be removed and refitted
- One wall unit required removal and refitting
- Mr H and Miss W had stripped the laminate and the skirting board to the left hand side of the dining room which affected the wall decoration
- The lounge needed to be fully re-decorated

The adjuster revised the claim figure to £4927.01 which esure agreed to pay as it was happy to cover the cost of the damage caused by the water leak.

Mr H and Miss W weren’t happy with this amount and sent in two quotes for a replacement kitchen and a quote for the kitchen tiles to be replaced. These quotes were significantly higher than the amounts given by the adjuster.

However, esure didn’t think the quotes were comparable to Mr H and Miss W’s kitchen as they included items which they didn’t have. So esure felt the kitchen would actually be improved in comparison to how it was originally, which is excluded under the policy. esure did though accept Mr H and Miss W’s claim wasn’t handled particularly well and paid them £150 for this.

Mr H and Miss W weren't happy with esure's response so they asked our service to look at their case. Our investigator initially felt esure's offer of settlement for the work they'd agreed to do was fair. He also felt the offer for £150 for the poor claim handling was fair. However, he told esure it should pay 100% of the cost of replacing the kitchen floor units and the cost of replacing the plaster work that had washed away. Our investigator also said esure should pay for the plinth heater to be tested and replaced if it was found faulty.

esure agreed to cover the cost of the plaster work but didn't agree with what our investigator said about the plinth heater and floor units unless suitable evidence was provided. Mr H and Miss W still weren't happy with the amounts offered by esure and sent our investigator two quotes from kitchen suppliers to give what they consider to be a more accurate figure of the cost of the outstanding work.

Our investigator then revised his opinion on the case. He told esure the quotes Mr H and Miss W had sent were a fair representation of the amounts they'd need to pay to replace the kitchen units. So esure's offer of settlement didn't go far enough and should be reviewed. Our investigator also stood by his opinion in respect of the kitchen floor units and the plinth heater.

esure didn't agree with our investigator so the case has been passed to me for a decision.

my provisional findings

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

From what I can tell, esure agreed to pay for the following:

- replacing 4m of plinth and 5m of worktop including cutting to fit, joints and holes for sinks/taps
- 50% towards the cost of replacing 7 wall units and 13 kitchen doors
- removing and refitting hob, oven, white goods and sink
- sealing the kitchen work tops and sink
- replacing 4m of skirting board in the dining room, and all of the flooring downstairs
- removing and refitting the downstairs skirting board
- preparing and treating the skirting board
- levelling the floor in the kitchen and lounge
- removing old tiles in the kitchen floor and re-tiling with ceramic tiles
- room protection and waste removal
- taking up laminate flooring
- painting the walls in the dining room and kitchen and repairing plaster work behind the kitchen units

It looks like both parties agree on most of the work that needs to be done to put Mr H and Miss W's property back to a reasonable condition. And I can see that the laminate flooring has already been replaced with the cost being met by esure.

I note Mr H said there was damage caused to one of the walls between the kitchen and the dining room which caused paint to bubble. I'm happy from what I've seen from the schedule of works that esure has agreed to cover that cost. Mr H also mentioned that esure wasn't covering the cost of repairing the damaged kitchen doors. I'm satisfied that esure will cover this cost having looked at the schedule of works.

And I note Mr H says esure should offer to replace all of the skirting boards because these were unavoidably damaged when he removed them. However I can see from the schedule of works that esure agreed to pay for a certain amount of skirting boards to be replaced along with decoration of the woodwork. And the cost of that was pretty much the same as the amount Mr H paid to do the work. So I'm not persuaded there's really a loss here.

But there are still a number of outstanding issues, which I'll list separately.

kitchen floor units

esure agreed to pay 50% of the cost to replace the undamaged kitchen units and to pay 100% of the cost to replace the damaged units.

I can see that Mr H and Miss W had four base kitchen units and that photos were only taken of three of these by the adjuster. However, I've seen the photos taken by Mr H and Miss W which shows a lot of condensation on the underneath of the units and wood expansion from water absorption, plus a lot of water underneath the cupboards. And I note these units were sat on the floor and not raised on legs as originally thought by the adjuster. I think on balance it's more likely than not that all four base units were damaged by the leak judging by what I've seen. So I agree with our investigator that esure should cover 100% of the cost to replace these and, from what I've seen, the scope of works has been revised to include this.

plinth heater

I gather esure feels Mr H agreed to test the plinth heater and send them evidence it was damaged to the extent that it was uneconomical to repair. It's difficult to say for sure whether this was agreed and I haven't seen much evidence to show this. But I think esure should take a practical view on what to do rather than insist Mr H and Miss W need to present evidence to them.

The plinth heater was placed at floor level and I note the flooring had to be lifted and replaced because of the extent of the water damage. I'd be surprised if an electrical item like this which had been sat in water for some time in the place that it stood wouldn't have been affected. I realise that Mr H and Miss W should *prove* their claim for damaged items. But testing the plinth heater and deciding whether it's uneconomical to repair is a fairly minor thing for esure to have to do. And I think it would go some way to putting things back on track bearing in mind Mr H and Miss W have already spent a lot of time sending in evidence and quotes to repair the damage caused by the leak.

So I agree with our investigator that it'd be reasonable for esure to arrange to test the plinth heater and pay to replace it if needed.

quotes sent by Mr H and Miss W and what's being offered by esure

Mr H and Miss W sent a number of quotes to esure from various suppliers showing the cost of what needs to be repaired and replaced. I think Mr H and Miss W now accept the first set of quotes they sent esure weren't comparable to the work that actually needed to be done on their property. For example, one of the quotes included doors with no handles and a gloss finish which didn't match what Mr H and Miss W actually had. And another quote was for porcelain tiles to be fitted when the tiles they had were ceramic.

However, Mr H and Miss W have sent more recent quotes to us which we've sent to esure. I note esure still feels these aren't *'like for like'* as there are some items that aren't needed and some that will unfairly improve Mr H and Miss W's property. I agree with esure. But that's not the reason why the quotes were sent to them. The purpose of sending the quotes was to show esure's claim figure wasn't likely to cover the cost of the work that needs to be done to put things right for Mr H and Miss W. And the intention was for esure to reassess their claim figure based on this.

I agree with our investigator that esure has to reassess the figure it's offered so far. I think it's not a realistic amount and won't put Mr H and Miss W into the position they should be in following their successful claim. And I also think the two quotes recently sent to esure are likely to be more representative of the cost to replace the items that need replacing.

esure has shown the labour costs they've offered are based on local tradesmen's rates, not preferential rates for their network builder. So, the issue is the cost of materials. I currently think esure should pay Mr H and Miss W the cost of materials that feature in the most recent scope of works at the prices shown in the lower of the two quotes esure were recently sent. esure should then add the value of their labour cost to the price of purchasing materials.

I can see esure has already offered Mr H and Miss W £150 for the inconvenience they were caused by not making it clear they needed to arrange for dehumidifiers to be used to dry out the water damage. I think that offer was fair.

my provisional decision

Subject to any further submissions from the parties in this complaint, I currently plan to uphold this complaint and to instruct esure Insurance Limited to do the following:

- arrange to have the plinth heater tested and to pay for the cost to replace it if it's deemed uneconomical to repair;
- pay 100% of the cost to replace the damaged floor units;
- reassess its claim figure taking into account the points I've made about the cost of materials and labour costs.

Dan Picken
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