

complaint

Ms S has complained about her home insurer Tesco Underwriting Limited in relation to a claim she made following a fire at her home. She blames Tesco for additional damage and the prolonged time it took for her claim to be resolved.

background

Ms S had left her home to stay with family in September 2016 when she was notified of a fire at the property. It was thought that her ex-husband (although they weren't divorced at the time and the house, as well as the insurance were still in joint names) had started the fire. Ms S notified Tesco and whilst it considered its liability for the loss, it arranged for the property to be boarded up.

The boards were removed though and metal shutters were put in their place. However, Ms S's ex-husband told the security company to remove the shutters – that this was his house and he didn't want it securing. He then proceeded to forcibly remove some of the shutters. Tenants then moved into the property with some repairs (of a make-do nature and that had to be re-done later) being carried out by them.

Tesco had decided by this time that it would repair the property, despite the joint policyholder likely having been responsible for the damage. But it said it couldn't carry out the fire repairs until the situation over the ownership of the property was resolved. Tesco then assisted Ms S with the court action necessary in that respect.

In 2017 the ownership issue was resolved and the tenants were evicted that August. Ms S reported additional damage and missing items. Tesco agreed to resolve all of that as part of the initial fire claim. However, when Tesco assessed Ms S's personal belongings it discovered that she was underinsured by around 25% and possibly more if the joint policyholder's belongings were taken in to account. Ms S had valued her loss at £84,087. Tesco initially said it would settle the claim at around £59,000. Ms S was unhappy with this.

Ms S said that Tesco had been at fault for not securing the property sufficiently in 2016. She felt it had failed to listen to her warnings about the garage being a weak spot in security that could be utilised to gain access, and indeed it was. So Ms S said that if Tesco had taken heed of her warning and secured the garage entrance, the whole episode with the tenants as well as the additional costs that resulted from that, could have been avoided. Therefore, it wasn't fair for Tesco to limit its pay-out for her damaged items.

Regarding the repair of the property Ms S said Tesco had delayed starting work, after the tenants' eviction, for around three months. She felt there were other delays too when it came to Tesco completing snagging issues with the work as the reinstatement neared completion. She said if Tesco had acted more efficiently she could have sold the house sooner and she'd have had less on-going costs like the mortgage.

Tesco reviewed the claim and concluded that it would make additional payments to Ms S to ensure her whole reported loss was met. It said it didn't accept that it had failed Ms S in terms of securing the property. That it was clear that the joint policyholder was intent at gaining access at any cost. And it maintained that Ms S had been under insured. However, it said it hadn't properly explained its reasoning for making a reduced claim settlement so it would pay in line with the sum insured on the policy for contents (£75,000). Plus it would make an additional payment under the buildings cover as some items that were previously

listed as contents might better be described as buildings items. That payment would mean it met the £84,087 figure claimed for by Ms S.

Tesco went on to say that it would make a further payment in respect of alternative accommodation. It didn't explain the calculation behind this increase but said it was making it due to the extended period of the claim. It had noted earlier in its correspondence that there had been some minor delays in the reinstatement work. It said the extra sum it would pay was £5,680.

Ms S complained to this service.

Our investigator felt that Tesco hadn't failed Ms S regarding securing her home and that it had done all it could to progress her claim. She felt that Tesco's final proposed settlement was fair and reasonable and wasn't minded to make it do or pay anything else. Ms S remained of the view that Tesco hadn't treated her fairly and her complaint was passed to me to decide.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, and with regret for any upset this causes Ms S, I find that my view is similar to that expressed by our investigator. Which means I'm not upholding Ms S's complaint as I'm satisfied that Tesco has acted fairly and reasonably.

I think it's fair to say, given that metal shutters were pulled from the building, that the joint policyholder was clearly intent on gaining access to the property. He was also clearly not concerned about doing damage to the property (removing the secured metal shutters by force was likely to do damage). Therefore, and whilst I've seen no proof regarding the garage door, I don't think Tesco could reasonably have done anything to prevent the joint policyholder's actions. So I don't think it's fair to say that Tesco has to accept all of the damage and loss that followed this as having resulted from its failure. In my view it was fair for Tesco to continue to handle the claim in line with the policy terms and conditions.

That being said, it is clear to me that Tesco, throughout this claim, on occasions where it would benefit Ms S, has consistently chosen to overlook what might be considered the strict application of the policy terms. This was clearly a terrible time for Ms S – I haven't included all of the details of what went on in my background but I'm aware of them and I understand how difficult this all was for her. And looking at how Tesco chose to handle this claim, I think it understood this too.

It's clear to me that there were a number of key issues at various points during this claim for Tesco that could reasonably have allowed it to limit its claim outlay but ultimately it didn't choose to rely on any of that. For example, even though this was a household policy, where one policyholder had moved tenants in, Tesco overlooked that and settled the damage caused by the tenants as part of the fire claim. So, looking at everything that happened, I think it's fair to say that Tesco has acted on a goodwill basis throughout this claim, with a view to genuinely trying to assist Ms S and that Ms S has benefitted as a result of that.

With that in mind, and despite Tesco's own admission of some minor delay in the repair process, I think it would be unfair and unreasonable to suggest that Tesco make any further payments to Ms S. Some delay in repairs is normal. I can see that the repairs did start in a

timely manner following the eviction of the tenants but that problems arose as the work neared completion with items found to not have been restored adequately. These then needed replacing which required Ms S to make choices about what she wanted installing. Other choices had to be made too about the final finishing materials. Some additional work was also found to be necessary. Whilst I appreciate such would be frustrating it isn't unusual for snagging issues to occur and I haven't seen that these should have been identified or dealt with sooner. But there was a delay in issuing the FENSA certificate for the windows.

So most of the delays I think were nothing that wouldn't normally be expected in a reinstatement programme. The provision of the FENSA certificate didn't delay completion of the work but it was a document that Ms S needed. Tesco has never explained its delay in this respect but looking purely at the timeline, I think it likely was unreasonable. That being said, Tesco has offered an additional payment regarding alternative accommodation which seemingly is meant to acknowledge some extra expenditure due to the length of the claim likely having increased Ms S's outlay. Tesco hasn't explained the formula behind that award so it isn't clear that it covers what Ms S feels she had to spend. However, I think it would be unfair for me to consider the impact of any delays further or to criticise Tesco for any relatively minor failing in respect of the reinstatement works when it has acted so significantly in Ms S's favour, and well beyond what its policy required it to do, in other respects. Looking at the claim and settlements as a whole I'm satisfied that Tesco has acted fairly and reasonably. I'm not going to make it do anything else.

my final decision

I don't uphold this complaint. I don't make any award against Tesco Underwriting Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 7 April 2019.

Fiona Robinson
ombudsman