

The complaint

Ms G complains about the service received from UK Insurance Limited trading as Churchill Home Insurance following a claim she submitted under her contents policy.

What happened

Ms G had a home insurance policy with Churchill. It provided contents cover.

Ms G says she submitted a claim to Churchill in December 2019 for the loss of her contents following a leak and mould damage.

In March 2020 Churchill arranged for her contents to be removed from the property which coincided with the pandemic.

Ms G says Churchill asked her to prepare an inventory of her belongings. She says some of her things were in storage costing £600 per month. She says she was led to believe Churchill would replace all of her belongings.

Ms G says she prepared two lists: one for keepsake items and one for replacement items. She said when she submitted the inventory for her furniture the case handler at Churchill said the claim costs were running high. She said Churchill paid for storage costs, organisers costs, and paid for temporary items and clothing, plus removal costs. Ms G says it has now said it won't pay the remainder of the claim.

Churchill mentioned a budget of £10,000 to Ms G but her items were always going to exceed that amount. Ms G also says she wasn't aware the cost of storage and the organiser were coming out of her budget.

Ms G kept chasing Churchill to find out when it would be progressing her claim. Ms G says there has been a lack of communication from Churchill and she has been provided with confusing and conflicting information.

Ms G says Churchill made it difficult for her to provide it with the evidence it required to prove her claim.

Ms G wants Churchill to reimburse her for her contents and meet the remaining costs it originally agreed to cover and so she complained.

In response Churchill said its specialist carried out a survey in Ms G's home. It said the specialist found evidence of mould spores within the cupboard where the leak was but the spores could be attributed to several things including the water damage, household dust, pet dander, occupants, or all of those things. It said there were also higher readings on the sofa and bed which it agreed to replace. It said tests on the contents revealed there were no mould issues. Churchill said once the claims team was made aware of Ms G's health issues it took them into consideration which ultimately directed how Ms G's claim was handled.

Ms G wasn't happy with the response from Churchill and so she referred her complaint to this service. Our investigator looked into things and said she thought Churchill were responsible for additional distress and disruption caused to Ms G which impacted on her wellbeing. The investigator set out a number of steps for Churchill in order to put things right for Ms G including returning her contents to her and paying her £1,000 to compensate her for the trouble and upset caused.

Churchill didn't agree and said it was unfair to ask it to cover the storage costs when it had tried to progress the claim, and for it to pay compensation when it had tried to treat Ms G fairly. Ms G also didn't agree with the investigator. She said she thought the mould exclusion didn't apply to the claim because it's secondary damage caused by an escape of water. And so the matter has been passed to me to decide.

What I've decided – and why

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

There is a lot of information about the claim Ms G made, and I've looked through everything provided. The detail is well-known to both Ms G and Churchill, so I haven't described the claim in any great detail here. I'll comment on any relevant evidence where appropriate to explain my decision. It is also not my intention to minimise the effect the claim has had on Ms G and her physical and mental health. I recognise the impact the matter has had on Ms G and I empathise with the difficulties she has clearly faced.

Mould exclusion clause

Like most home insurance policies, Ms G's provides cover if her contents are damaged by a range of insured events. These events are listed in the policy and include storm or flood, theft, fire, subsidence, falling trees, and vandalism. I haven't seen anything which suggests all of Ms G's contents were damaged by one of the listed events. There isn't any cover if the damage is caused by something else.

There are exclusions to the cover provided under the policy. Having reviewed the policy documents I can see it says, "*this policy doesn't cover damage caused by rot, fungus, woodworm, beetles, moths, insects or vermin.*" The policy doesn't set out a definition for fungus. Our service will usually think any undefined words should take their ordinary, everyday meaning. And so in this case I think the word includes all forms of fungus of which mould is one. And so Ms G's claim for her contents is not covered by the policy. Churchill proceeded to deal with Ms G's claim in order to assist her since Ms G told it she had a mould allergy and exposure could make her seriously ill.

Evidence of loss

Under the terms of the policy it says the customer must, "*give us any relevant information and evidence that we ask for, including proof of ownership or value of the lost or damaged item.*"

I appreciate Ms G has been trying to obtain evidence such as photographs and receipts which has caused her some distress. I don't think it was unreasonable for Churchill to ask for further information to substantiate the claim. Under the terms of the policy Churchill is entitled to request this. And because there was no indication of the level of loss at the outset of the claim, I don't think it was unfair of Churchill to ask for further reasonable information or evidence in relation to the claim.

Settlement of claim

On review of the information provided to me by both parties I think Churchill has done enough to try and resolve this matter for Ms G. I can see Churchill tried to work with Ms G taking into account her health issues to the best of its abilities. Particularly where the matter wasn't covered under the policy.

Given the policy exclusion Churchill was entitled to reject the claim at the outset. I appreciate it has said it didn't to try and assist Ms G during a difficult time but since it got involved the matter has been prolonged, contributing to further distress and inconvenience to Ms G. Churchill didn't manage Ms G's expectations well since Ms G was under the impression her claim would be paid in full. Had the claim been excluded at the outset Ms G would likely have made her own arrangements regarding her belongings.

Churchill has already covered some costs of the claim including alternative accommodation, new essential items for Ms G and some of the storage costs. I think Churchill tried to be fair to Ms G in accepting the claim in the first place. But it doesn't have a never-ending liability to her or this claim. And so I think it is appropriate to now bring the matter to an end and settle things fairly. I am therefore upholding Ms G's complaint but I realise my directions to put things right will disappoint her since I'm not requiring Churchill to meet Ms G's outstanding claims for recompense.

My final decision

My final decision is that I uphold this complaint for the reasons detailed above.

I require UK Insurance Limited trading as Churchill Home Insurance to:

1. Arrange to return Ms G's contents to her at no further cost to her.
2. Reimburse Ms G for storage costs from 1 April 2021 until the contents are removed from storage
3. Add interest, at an annual rate of 8% simple, to (2) above – from the date Ms G paid the monies to the date of settlement.
4. Pay the professional organiser and Action Dry's outstanding invoices incurred after 9 December 2019, if outstanding.
5. Alternatively, if Ms G has paid any invoices referred to in (4) then Churchill to reimburse her
6. If applicable add interest at an annual rate of 8% simple to (5) above – from the date Ms G paid the invoices to the date of settlement.
7. Pay Ms G £1,000 for the distress and inconvenience

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 27 June 2022.

Kiran Clair
Ombudsman