

## **The complaint**

Miss B and Mr S complain about their home insurer, UK Insurance Limited (UKI) decisions and handling of their claim for damage to their home from being flooded. I have mostly just referred to Miss B throughout. References to UKI include its agents and contractors.

## **What happened**

Miss B's home was flooded in October 2020, and she said in April 2022 that it hasn't been habitable since then and she has no idea when they can return. She said this was the third flood in less than ten years and each time UKI made their lives unbearable. She is very unhappy with the time taken for the repair work to be carried out and said the workmanship has been extremely poor with contractors being subcontracted then sub-contracting others.

UKI accepted the claim and appointed loss adjusters to manage it and a contractor for strip out and another for the reinstatement. UKI's loss adjuster reviewed the state of the work and acknowledged that the strip out wasn't up to standard, in particular the tanking was damaged and had to be replaced, causing significant delay. The loss adjuster also acknowledged poor finishes to the work and gaps in the woodwork and flooring. However, due to the sudden termination of the contract, this had to be addressed by the next contractor.

In detail, Miss B complained that the strip out was left in a dangerous state, with material put in their garage and garden, attracting vermin, and the contractor couldn't get kitchen units of the correct size. She said new oak doors were installed and then had chunks pulled out. The plastering was done badly, and not all radiators were fitted so the central heating wasn't on over two winters and the upstairs become damp and smelly. She said they chased progress many times and their complaints went to the loss adjusters as UKI wouldn't return their calls.

UKI said the repair work started in June 2021, with intended completion in September 2021. Following delays a new completion date was set of 8 December 2021, but the contractors were then removed, and significant issues discovered. A new contractor was appointed in December 2021, but they then said they couldn't assist with the work. On 1 February 2022 the loss adjusters confirmed a contractor had been appointed to deal with the outstanding work. UKI said other contractors had declined the work due to issues during previous claims and the new contractor said the repairs would have to be started from scratch.

Miss B said UKI sent contractors to their home in December 2021 and February 2022 to price up the work, but one contractor turned down the work. She said her family have been squeezed into a small property and desperately need to get back to their home. She said the last contractors hadn't returned the keys despite requests. She said they have advised that the walls appear to be dropping away from the ceilings, and they have requested a review by a structural engineer. She said there appears to be more movement each time they look.

Miss B said UKI has had more than enough time to resolve the claim, but there's still no return date whereas other affected houses were restored within a year. She said no contractors had worked on their home since November 2021. And a sofa and bed they had ordered couldn't be delivered due to delays and they faced cancellation fees. In February 2022 Miss B told the loss adjuster the house was moving and requested a structural

engineer. UKI arranged this and he reported that the problem is a direct result of a loft conversion and not connected to flood claims. UKI provided Miss B with a copy of the report.

More recently, the contractor sent Miss B a new schedule of repairs on 2 August 2022 and she responded with some queries and a snagging list. UKI told its loss adjuster on 6 September 2022 that nothing had happened over the last few weeks and the loss adjuster updated the parties. In November 2022 UKI said that Miss B continued to raise issues which it thought were settled. It said there were some valid issues to be resolved but also Miss B and Mr S's contractors had caused significant issues which UKI wouldn't resolve. It said it had told Miss B that it wouldn't commit to a further strip out and reinstatement of works already completed. UKI said it didn't believe that Mr S would remain off site, and it thought an offer of cash settlement was the best way to conclude the claim.

Our investigator said we can't look at complaints before June 2021 or the quality of work before July 2021 as these were brought out of time. This meant he hadn't considered the alternative accommodation, but noted Miss B had arranged this. And he hadn't considered movement in the house as this hadn't been raised as a complaint to UKI by Miss B.

The investigator considered the issues from July 2021 to November 2022 when UKI offered a cash settlement. He said UKI had acknowledged significant issues and delay. He thought very little happened to the remedial work from July 2021 to November 2022 and a cash settlement of the claim would be the best approach. The investigator thought Miss B had suffered trouble and upset, but the contractors hadn't been able to progress the work without disturbance. He recommended UKI pay Miss B and Mr S £800 compensation.

UKI agreed with the investigator, but Miss B did not. UKI offered Miss B £15,000 in settlement of her claim and that it would pay for the alternative accommodation until the end of February 2023.

Miss B said the work schedule didn't cover all the repairs required and was just the minimum that UKI thought it could get away with. She said she was getting her own quote for the work which would include re-doing all previous work. She said the alternative accommodation she sourced was a better option than UKI had proposed. She thought the structural engineer's report on movement at their home was flawed and had obtained an independent expert report which found that the wooden beams were moving, and the walls were unsupported.

### **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.

Miss B complains about the time taken with her claim and the poor service she says they have received. I've looked carefully at the history of this claim to see if UKI has treated Miss B and Mr S have been treated in accordance with the terms of the policy and treated fairly. I have considered all matters up until November 2022. And so follow-up complaints about the final settlement and alternative accommodation will need to be considered separately. Miss B made two previous complaints about this claim and as the investigator has said we can't include issues here about service provided prior to June 2021, or the quality of work by contractors before July 2021. The reason is these issues were the subject of the previous complaints and responses from UKI, and they haven't been referred to us within the time limit set out within UKI's response letters. This means I have only looked at the impact of the service UKI provided on the claim for one winter.

A degree of frustration and inconvenience is inherent within any claim for significant damage to a home as the repair issues will be complex to resolve and involve multiple parties. We

expect policyholders to engage with their claims and use their time to assist their progress and so we wouldn't award compensation for this. Also repairs carried out during the covid pandemic took longer than they would normally do and affected the availability of materials.

I'm sure Miss B understands these points and that it follows that our role is to see if there has been unnecessary distress caused and avoidable delays and if so, what the appropriate compensation would be. For this purpose I have looked closely at UKI's handling of the claim and the actions of its agents and the timeline it has provided.

From the timeline I can see there were several delays in awaiting contractors and plans, and issues about workmanship. Contractors arranged for the property to be stripped out and the repairs were started. But the standard of work and the attendance of the contractor was poor, and the loss adjuster ended the repair contract, leaving the work unfinished.

A new contractor was instructed at the start of 2022, but a virtual site visit was delayed to late February. By the start of July nothing much had happened and UKI questioned the lack of a schedule of works. The contractor sent a schedule and a revised schedule in August 2022, which Miss B corrected. In total, this represented eight months' delay from the end of the previous contractor while Miss B and her family were out of their home. The contractor said it would carry out a full strip out, but this was subsequently declined by UKI. UKI was entitled to make this decision, but it caused Miss B uncertainty about what would be covered.

It appears the loss adjusters had good reason to terminate the work by the first contractors, and another contractor withdrew from the work. This is unfortunate but alternative arrangements should have been pursued by the loss adjusters but weren't, and UKI should have taken some oversight of the claim to ensure progress was maintained.

UKI has acknowledged significant issues and delay with the claim, and accepted Miss B's complaint points and that compensation is due. In my view this claim is characterised by poor, or at times non-existent communication between the parties so that at hardly any stage were Miss B's expectations managed or met. At times UKI struggled to get a response to communications with its loss adjusters. I accept there were problems with covid restrictions, delayed completion of stage one works and a loss of the lead-in period for the second stage repairs, and private works, but put simply, the claim shouldn't have taken as long as it has.

I have also considered UKI's comment that Mr S caused difficulties by making regular visits to the house outside of the safety regulations. Miss B said he had to keep going there to do jobs, including pulling wires through that had been plastered in. She said they were asked to find an electrician to install the new fuse box. In December 2021 UKI's loss adjusters noted that the contractors said the electrician Miss B appointed said Mr S was on site carrying out electrical connection work and he couldn't certify the work, (and nor would the contractor's electrician). The electrician said he hadn't connected the boiler and wouldn't be returning.

I think UKI's conclusion that Mr S interfered with the work by carrying out DIY electrics, including movement of sockets and switches, is fair. Mr S may say that he got involved to minimise delay, but I think he was carrying out some uninsured improvements and used contractors to help. UKI said he was repeatedly asked not to visit, and I think his involvement contributed to some of the delay. Miss B then told UKI they couldn't get an electrician so used the loss adjuster's electrician. But by this stage I think it was reasonable for UKI not to certify the work carried out by and for Mr S.

UKI said it agreed to deal with some of the uninsured damage and redecoration from movement in the house to progress matters as a gesture of goodwill although it wasn't caused by the claim. However, it declined Miss B's request that it remove the insulation that

its contractor had fitted as it said the installation meets building standards. I think this was a fair and reasonable decision that UKI was entitled to make for the claim.

I'm pleased UKI responded to Miss B's concerns about movement in her home by sending a structural engineer to assess the damage. He concluded that the damage is due to loft alterations and unconnected to the insured events. He said cracking of external render was typical of settlement cracks in 1970s houses with no movement joints, due to thermal movement/shrinkage, and aged delamination. If Miss B is unhappy about UKI's response to this issue, then she will need to make a complaint to UKI about this.

Miss B brought a separate complaint about her previous claim, and mentioned the inadequate size of the alternative accommodation. I understand that Miss B found the accommodation and so I can't hold UKI responsible for the size. However, there's no doubt Miss B expected this requirement to be for a much shorter period and so I have considered this in the overall compensation to be awarded.

There has been a long and complex history of the claims and repairs to this property, and UKI has encountered difficulties as contractors haven't been available or willing to undertake the work. It is our approach that insurers should provide repairs via their own contractors to indemnify policyholders. But if the policyholder prefers a cash settlement instead, this may be the amount it would cost the insurer to have its own contractors do the work. Where an insurer chooses to cash settle, we expect this to be sufficient for the policyholder to engage their own contractors through the marketplace.

When UKI decided not to authorise a new strip out of Miss B's home a new schedule of works was required. From August to November 2022 progress has been further delayed. UKI made Miss B a cash settlement offer in November but said she didn't respond. I see that Miss B emailed her rejection of the offer to UKI in December 2022. She said the offer of £15,000 including VAT is too low to do the work. She told us that she is obtaining her own quote and has chased this and a report from her contractor many times.

When the relationship breaks down between insurer/ contractor and policyholder this can be a satisfactory alternative method of resolving the claim. Miss B is entitled to decline a cash settlement for the claim, but by also rejecting UKI's contractor's schedule of works and not providing any professional information of her own she became responsible for some of the delays. For UKI's part if it wants to resolve the claim and ensuing complaints it should consider offering Miss B a cash settlement at commercial rates.

### **Putting things right**

I was sorry to learn about the three times Miss B's home had been flooded over the last few years. She has described the tremendous strain this has placed on her, and her family and the issues caused. Taking all the factors I have described into account, I agree with the investigator that compensation of £800 is a reasonable reflection of the distress and inconvenience Miss B and Mr S have been caused from the summer of 2021 up until November 2022.

### **My final decision**

For the reasons I have given above it is my final decision that the complaint is upheld. I require UK Insurance Limited to pay Miss B and Mr S £800 compensation for the distress and inconvenience they have suffered from its poor handling of their claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B and Mr S to accept or reject my decision before 11 April 2023.

Andrew Fraser  
**Ombudsman**