

The complaint

Miss K complains U K Insurance's (trading as NIG) proposed settlement of her property insurance claim is unfair.

Miss K's been represented for the claim and complaint. For simplicity I've referred to the representative's actions as being Miss K's own. For the same reasons I've referred to UKI's agents' actions as being its own.

What happened

Miss K owns the leasehold of a property. In December 2021 she claimed against a UKI leaseholders' insurance policy. Her property had been damaged by an escape of water. UKI accepted the claim. In early January 2022 it requested Miss K provide quotes for the repairs. She provided two, at £6,275 and £8,300, in late March 2022. A week or so later UKI authorised the lower of the two quotes. It said it would make payment on receipt of an invoice following completion.

In June 2022 Miss K informed UKI contractors were now unwilling to undertake works for the quoted price. She said material and labour costs had increased. She said the quotes would need to be re-evaluated - adding she would be in touch again.

In March 2023 Miss K emailed UKI to say the original contractor wouldn't do the work. She had found an alternative. The price was higher than £8,300 quote. However she would accept that amount as a final settlement. UKI refused her request. It said the increase in repairs cost was due to a lack of action from Miss K following its March 2022 claim authorisation.

Miss K, unhappy with that response, complained. In June 2023 UKI responded. It said the decision to decline the additional costs of repairs was correct. It said it had approved the original quote in six working days. It added if Miss K had booked the works in at that point the quote would have been honoured. But instead it appeared she had taken at least three months to do so, meaning the contractor was no longer able to do the work for the original price. Finally it said if Miss K provided an invoice for the works, it would make a payment of £6,275 less any policy excess.

Miss K wasn't satisfied with that outcome, so came to the Financial Ombudsman Service. Our Investigator didn't feel UKI had acted unfairly. He felt Miss K had delayed commencement of repairs and was responsible for the increased cost. So he didn't recommend UKI pay her any extra to settle her claim. Miss K didn't accept that outcome. So the complaint was passed to me to decide.

Miss K asked for additional time for submissions. I didn't agree to that request. Instead I'm deciding the complaint on the information I already have. She's had reasonable time, since the Investigator's assessment and this service's response to a Subject Access Request (SAR), to provide any further evidence or comments.

There's also been reasonable time for her to pursue a SAR with UKI. The focus of that SAR appears to be to obtain UKI's (and its loss adjuster's) claim contact notes. I'm already in possession of those. So I'm satisfied it's unlikely a further extension for submissions would result in Miss K providing anything that has a material effect on the complaint outcome.

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.

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I've first considered Miss K's assertion that she didn't accept UKI's late March 2022 settlement offer. The best available records are UKI's loss adjuster's claim records. For ease I will refer to these as UKI's records from here on. I accept Miss K didn't formally 'accept' that settlement offer. But neither did she dispute it. The earliest record of her even responding is her email in June 2022. In any event I'm satisfied the offer was fair and in line with the policy terms.

The policy says UKI will pay the cost of repairing damaged parts of the building in a new condition similar in size, shape or design. I've only been provided with limited information on the damage to the property. I've seen the two quotes arranged by Miss K. I've no reason to believe the work listed, in the lower quote, didn't cover repairing all the relevant damaged parts of the building.

UKI did select the lower of the two quotes. At that point it had no reason to consider the contractor would be unwilling, at a later date, to undertake the work for its quoted price. So I'm satisfied the March 2022 proposal to settle the claim was fair and in line with the terms of the policy.

However, the main focus of Miss K's complaint is UKI's refusal, in response to her March 2023 request, to increase the settlement to £8,300. She says demand on the chosen contractor, inflation in building costs and the presence of tenants in the property caused delay in starting the repairs. So UKI should pay more to reflect the resulting increase in costs.

I've considered Miss K's explanation for the delay. It's plausible for a few months or so of the delay. However, I'm not persuaded it accounts for the lion's share. In June 2022 she said she would be in touch again. But there's no record of her doing so until March 2023 – almost nine months later. I can't know for certain, but I think it's likely she could have provided updated quotes and made arrangements with tenants at a much earlier point.

If Miss K had provided additional evidence, including updated quotes, around June 2022 I might have expected UKI to consider them. As she didn't, I can't say what a fair offer might have been around that time.

I accept Miss K (and her representative) have busy lives. However, UKI isn't responsible for that. It's reasonable for a claimant to engage with an insurer and take appropriate steps to progress their claim. If they fail to, I don't usually feel it's fair to require the insurer to cover resulting additional claim costs. So I can't say UKI's decision not to agree to Miss K's March 2023 request for an increased settlement was unreasonable.

So I'm not going to require UKI to pay anything extra to settle the claim or to do anything differently. If Miss K wishes to take up the original offer, she should contact UKI.

My final decision

For the reasons given above, I don't uphold Miss K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 20 March 2024.

Daniel Martin
Ombudsman