

The complaint

Mrs K complains about U K Insurance Limited's ["UKI"] handling of a claim made on her home emergency insurance cover.

What happened

UKI is the underwriter of Mrs K's policy, i.e. it's the insurer. Part of this complaint concerns the actions of the agents for which UKI has accepted responsibility. Any reference to UKI includes the actions of its agents.

The background to this complaint is well known to the parties involved, so I've included a summary here.

- Mrs K owns a property insured under a buildings insurance policy underwritten by UKI. The policy includes home emergency cover. In February 2023, Mrs K contacted UKI as she had a problem with the return valve on her boiler and reported this to UKI to make a claim on the policy.
- UKI appointed its agents to fix the problem.
- Following the remedial work, Mrs K contacted UKI as she had concerns about the way the work had been completed. She felt her water supply had been contaminated with boiler water as a result of the work undertaken by UKI. She said this caused chemical burns to her mouth, and it meant she had to buy bottles of water in order to wash – at considerable cost. Mrs K also felt the valve had been damaged.
- Mrs K said she was going to have her water tested and she thought UKI ought to cover the costs related to this.
- UKI looked into Mrs K's complaint but explained in its final response that the return valve would not impact her water supply. However, it was willing to review any reports she could provide. UKI later said that as a gesture of good will it would reimburse the cost of the water tests.
- As Mrs K did not agree with UKI's response to her complaint, she asked this Service for an independent review.
- Our Investigator concluded that UKI's offer should be increased to account for the cost Mrs K had paid - £120 - to have her boiler put right, together with interest at 8% simple per annum. And she also asked UKI to pay Mrs K £100 in compensation. UKI agreed with our Investigator's recommendation.
- Mrs K didn't agree, and has asked an Ombudsman to make a decision.

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.

The nature of my role requires me to say how complaints should be resolved quickly and with minimal formality. To do this, I'll focus on what I consider to be the crux of the complaint and may not comment on everything the parties have said - but I can confirm I have read and taken account of everything.

When making a claim on an insurance policy, the onus is on the policyholder to show the claim is covered under the insurance policy terms. I'll be keeping this principle in mind while reviewing this complaint together with what I consider to be fair and reasonable.

I've considered the key issues in turn.

Did UKI cause water contamination?

- Mrs K believes her water supply was contaminated as a result of the work undertaken by UKI. She arranged for the water to be tested in a laboratory.
- Mrs K has provided copies of the test results and these show the cold water was normal but it does note some abnormality in the hot water tap. However, the report doesn't provide any commentary on the likely cause of the abnormality or when it was likely to have first happened.
- UKI says it believes any issue relating to this was likely pre-existing and its contractors have reiterated it wouldn't be possible for the valve to impact the water supply.
- I also note, the heating engineer Mrs K later employed – more detail on that to follow – made no mention of potential contamination of the water supply.
- Given all of this, I'm not persuaded there's sufficient evidence to support Mrs K's view and I'm not satisfied I can safely conclude the abnormality was as a result of work undertaken by UKI.
- UKI has already agreed to make a gesture of goodwill of £228 to Mrs K which is the equivalent of the cost of the water tests. I won't be asking UKI to do anymore on this part of the complaint.

The remedial work undertaken

- After UKI undertook the work, Mrs K says she continued to experience problems and she employed an independent contractor to investigate and resolve the issue.
- Her contractor was of the view that whoever worked on the heating system before hadn't set it up correctly after they'd altered it. This meant that the radiators were too hot, and some did not work properly.
- Mrs K has provided an invoice from May 2023 which shows she paid £120 to her contractor to resolve these issues. Our Investigator provided this to UKI for comment but it didn't provide anything in response.
- In the absence of any evidence or comments from UKI suggesting anything to the contrary, on balance, it seems to me more likely these problems were as a result of the work undertaken by UKI.
- Because of this, I will be directing UKI to reimburse Mrs K with the cost of the work together with interest at 8% simple per annum* from when she paid it until UKI

reimburses her, on provision of supporting evidence to show when she paid the invoice.

Increase in the cost of utilities

- Mrs K has said that as a result of the problems she's had with her boiler, her water, gas and electricity costs have increased. She has provided an email from her energy supplier which gives a broad view of gas and electricity usage in 2022 and 2023. I should note though, this email is rather lacking in detail and doesn't provide identifying information such as the address or the person it relates to.
- In order to say UKI should reimburse any energy or water costs, the evidence would need to show that it was as a direct result of UKI's actions that Mrs K's costs had increased. While the information provided to me does appear to show Mrs K used more gas and electricity in 2023 than the previous year – before UKI's visit – it doesn't establish that this is a direct result of avoidable actions on behalf of UKI. In my view, this increase may have occurred as a result of a number of other factors.
- I simply don't have sufficient evidence to safely conclude UKI is responsible for any increased fuel costs.

Replacement of valves

- Mrs K has said that as a result of damage caused by UKI she had to have a radiator valve replaced, as well as the return valve.
- Mrs K has provided photos of valves she said were replaced. However, I haven't seen an invoice or report which explains why the valves needed replacing, or what the cause of the damage to these was. I also haven't seen any evidence of the cost of replacement. For this reason, I can't establish that the valves needed replacement as a result of UKI's actions.
- So I won't be asking UKI to do anymore on this part of the claim.

Compensation

- Mrs K feels an award of compensation should take into account a delay in resolving the claim of ten months, during which time she struggled with her heating and hot water. She has also explained that she had concerns her boiler was at risk of exploding, and that she was put at risk of catching COVID-19 as it was necessary for contractors to attend her property. Mrs K has said that she is disabled and vulnerable, and this should be taken into account.
- When considering compensation, I need to separate the distress and inconvenience caused as a result of the initial problems with the heating system which I can't hold UKI responsible for and the distress and inconvenience Mrs K experienced as a result of UKI's claims handling.
- There was always going to be some impact as a result of the problem with the return valve. However, this was made worse by UKI's failure to reset the boiler correctly. This meant there was an additional period where Mrs K's heating and hot water didn't work as expected, and she had to arrange her own engineer to fix this.
- I haven't been given any evidence to consider which persuades me the boiler was at risk of exploding. And while I understand Mrs K's view that there was a risk it would and she should be compensated for that, I would only consider awarding

compensation for something that actually happened, not something that *might* have happened under other circumstances.

- And while Mrs K has said the claim was on-going from December 2022 until late into 2023, the evidence available to me shows Mrs K made the claim in February 2023 – and that it was resolved in May 2023. I have kept in mind Mrs K's comments about her disability and the additional impact this will have had.
- I've thought about this complaint very carefully. And having done so, I have decided to direct UKI to pay Mrs K £100 for the distress and inconvenience it caused through its actions and poor claims handling. I recognise Mrs K is likely to be disappointed with this amount as she believes a significantly higher figure is more appropriate. But having considered everything I've said above, I'm satisfied this amount is fair and reasonable in all the circumstances.

My final decision

My final decision is that I uphold this complaint and direct U K Insurance Limited trading as Direct Line to pay Mrs K:

- The £228 gesture of goodwill if it hasn't done so already.
- The £120 cost of the work her contractor undertook, together with interest at 8% per annum simple* from when she paid the invoice until UKI reimburses her, on the provision of supporting evidence.
- £100 for the distress and inconvenience it caused Mrs K through its poor claims handling.

U K Insurance Limited trading as Direct Line must pay the compensation within 28 days of the date on which we tell it Mrs K accepts my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

*If U K Insurance Limited trading as Direct Line considers that it's required by HM Revenue and customs to deduct income tax from that interest, it should tell Mrs K how much it's taken off. It should also give Mrs K a tax deduction certificate if she asks for one so she can reclaim the tax from HM Revenue and customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 22 March 2024.

Paul Phillips
Ombudsman