

## **The complaint**

Mr and Mrs W complain about HDI Global Specialty SE's handling of their buildings insurance claim.

Any reference to HDI includes the actions of its agents.

## **What happened**

Mr and Mrs W hold buildings insurance cover with HDI. In January 2023, they discovered an escape of water in their home that had caused significant damage. They made a claim to HDI, which was accepted. Mr and Mrs W moved into alternative accommodation whilst repairs took place. Mr and Mrs W later complained to HDI about its handling of the claim, including delays and poor communication.

In June 2023, HDI issued its final response and considered what had happened up to that point. It accepted there had been some delays and offered Mr and Mrs W £300 compensation. Unhappy with this, Mr and Mrs W brought a complaint to the Financial Ombudsman Service.

Our investigator recommended the complaint be upheld. She thought there had been several avoidable delays and poor communication. She recommended that HDI pay Mr and Mrs W total compensation of £650 to recognise this.

Mr and Mrs W accepted our investigator's recommendations, but HDI did not. The matter has therefore been passed to me for 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.

I've only considered HDI's handling of the claim up to the date of its final response on 28 June 2023. If Mr and Mrs W are unhappy about HDI's handling of the claim after this date, they should raise their concerns with HDI in the first instance.

As our investigator has explained, claims of this nature are complex and will often take a long time to be dealt with. I've taken this into account when reviewing the case. Though having done so, I agree with our investigator that there were a number of occasions where HDI's handling of the claim was poor.

Mr and Mrs W were understandably anxious to move the claim forward, yet there were several occasions where their requests for updates were completely ignored by the loss adjuster. They explained that this caused them considerable concern. I also see that they emailed the loss adjuster on one occasion, and he responded to say he had left the company. Mr and Mrs W weren't given any advance notice of this, and there was no handover to another loss adjuster before he left, which I think was poor.

I've considered what happened with the asbestos testing and removal. The third-party company initially took samples from ceilings of the living room, study and shower room on 30 January 2023. The company explained the remainder of the ceilings in the property were undamaged and it was thought they wouldn't need to be disturbed during the drying or reinstatement work. However, when the company revisited the property on 15 March 2023, they said that ceilings which were previously undamaged (landing and hallway) had since bowed badly and would need repair or replacement during the reinstatement work. They therefore took samples of these areas for asbestos testing.

I think the third-party company acted reasonably here. However, I note that when the company attended on 15 March 2023, Mr and Mrs W also wanted them to take samples of several other damaged areas. The company asked the loss adjuster what they wanted them to do, but the loss adjuster didn't respond until mid-April 2023. The loss adjuster decided they did want the third-party company to sample all the damaged areas. That meant the third-party company had to return for a third time to take more samples.

I can understand Mr and Mrs W's frustration here. If the loss adjuster had wanted the third-party company to carry out asbestos testing to all the damaged areas, this could have been done on the first visit. However, it seems to me that the loss adjuster was probably being overly cautious here. Asbestos testing would normally only need to take place to areas in a property which are being removed/repared – however, some of the areas later tested were only wet and would have presumably dried out and wouldn't need to be repaired. So I think this did delay matters unnecessarily.

Mr and Mrs W are unhappy that the deposit paid by HDI for their alternative accommodation was deducted from their contents settlement. I can see both sides here. Mr and Mrs W were required to take care of the property, and so they would be responsible for any deduction from the deposit by the landlord when they moved out. Though if this were solely a buildings insurance claim with no cash settlement being paid for contents, HDI wouldn't be able to deduct this from the cost of the repairs being carried out. So if that were the case I think HDI would just pay the deposit, and then if there was a deduction from this at the end of the tenancy, then presumably HDI would have asked Mr and Mrs W to pay it this amount.

In any event, I understand Mr and Mrs W have now received back the deposit, and so they have been indemnified for the loss of their contents. I therefore don't require HDI to do anything further here.

However, I do think HDI caused some unnecessary confusion over the deposit. The landlord's agent required a holding deposit of £715.38 to take the property off the market whilst undertaking references. This was deducted from the main deposit of £3,567.92 once the tenancy started. Although the loss adjuster made it clear to Mr and Mrs W that the main deposit would be deducted from their contents settlement, I see that the loss adjuster then intended to deduct both the £715.38 and £3,567.92 from the settlement. It was only after Mr and Mrs W queried this, that the loss adjuster realised the £715.38 had already been deducted from the main deposit.

I note that the drying was delayed because the loss adjuster delayed approving the cost of this. There were also delays with some payments, including for alternative accommodation, and some computers.

Taking everything into account, I think the compensation payment of £650 recommended by our investigator is reasonable and recognises the inconvenience Mr and Mrs W were caused by HDI's handling of the claim.

## **My final decision**

My final decision is that I uphold this complaint in part. I require HDI Global Specialty SE to pay Mr and Mrs W £650 compensation (it can deduct the £300 previously offered if this has already been paid).\*

\*HDI must pay the compensation within 28 days of the date on which we tell it Mr and Mrs W accept 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.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 6 June 2024.

Chantelle Hurn-Ryan  
**Ombudsman**