

The complaint

Ms K is unhappy with the way Acromas Insurance Company Limited (Acromas) handled her flood claim. Mr M brought the complaint on her behalf but, because she was the policyholder, I'll refer to Ms K throughout my decision.

What happened

The background to this complaint is well-known to both parties. So I've set out a summary of what I think are the key events.

Ms K had buildings and contents insurance underwritten by Acromas. She claimed under the policy when her home suffered extensive flood damage.

Acromas accepted the claim and appointed a contractor to act on its behalf. But Ms K was unhappy with the claim progress. She said Acromas:

- caused delays;
- didn't communicate with her;
- didn't provide clarity about responsibility for the work, and
- didn't provide alternative accommodation despite her poor health.

Ms K complained to Acromas and it agreed that it hadn't handled the claim as well as it should've done. Acromas offered £425 compensation. Ms K didn't think that was enough, so she brought her complaint to us.

Our investigator thought that, although Acromas upheld Ms K's complaint, it hadn't offered enough compensation. She thought Acromas should increase its offer to £750.

Acromas didn't agree, so the complaint was 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.

Having done so, I've decided to uphold Ms K's complaint.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably.

Acromas already accepted that it didn't handle Ms K's claim promptly, and the evidence supports that. My role, then, is to look at whether Acromas did enough to put matters right.

The key issue in dispute is the amount of compensation.

There seems little benefit in repeating the details of the complaint. That's because, of the four complaint issues, Acromas only disagreed with our investigator's view regarding further

compensation and the alternative accommodation (AA). Acromas said it offered AA, but Ms K and Mr M preferred to stay at home. So, it paid a disturbance allowance.

Acromas did offer AA, and at first Ms K declined the offer. The evidence shows that she preferred to stay at home to see whether that would work out. I don't think it's unreasonable that Ms K remained hopeful of staying at home and declined the AA offer to begin with.

However, after drying was completed, damage repair work didn't start. Acromas acknowledged its shortfall here, and confirmed it should've made further offers of AA throughout the process when it became apparent there'd been delays.

Given Ms K's particular circumstances, of which Acromas was aware, I think it reasonably concluded that it didn't do enough in respect of AA. Although Acromas went on to say further compensation isn't warranted because Ms K declined the AA offer, I don't think that's a fair assessment of the overall circumstances. Acromas knew it hadn't started repairs, and that was the case for four months leading up to Ms K raising her complaint. So I think Acromas should've revisited the matter of AA and made a further offer to Ms K.

During that time, Acromas failed to communicate with Ms K, and she was left unsure who, if anyone, was doing what type of work. Ms K stayed in her home, hopeful that she'd be able to manage and that repairs would start as promised. I can see, then, why the delays would've been frustrating for her and with each day of delay the inconvenience increased.

Acromas pointed out that it paid disturbance allowance. Disturbance allowance was to cover some of the additional costs Ms K incurred when staying at home during repairs. For example, Ms K was without a functioning kitchen, so the allowance could've been used towards necessary convenience food costs above and beyond her usual spend. To be clear, the allowance is not compensation, so I don't think payment of the disturbance allowance makes a material difference to the matter of AA.

I've considered the distress and inconvenience Ms K described which relate directly to the avoidable delays, lack of communication, lack of work clarity, and uncertainty regarding AA. To be clear, I've only considered matters which occurred between the start of the claim and Acromas's final response letter dated 10 October 2023. I can understand that it would've been difficult for Ms K to decide at which point during those four months she'd allowed Acromas enough time to start work. And to compound matters, Acromas didn't respond to her update requests often, if at all, or clarify which contractor was responsible for which part of the repairs.

As I said earlier, the rules require Acromas to handle claims promptly and fairly. Acromas accepts that it caused avoidable delays, and the evidence indicates that it didn't handle the claim fairly when taking into consideration Ms K's particular circumstances

Acromas offered £425 compensation. Our investigator thought £750 better reflected the distress and inconvenience caused. I've thought carefully about this, and I'm satisfied that £750, although at the upper end of what I'd expect, is fair and reasonable in the circumstances.

I've noted Ms K's further comments and evidence that she is still experiencing delays with her claim and poor communication. Acromas must first have an opportunity to respond to anything that happened after 10 October 2023, so she would need to raise that complaint with Acromas directly. Therefore, I haven't considered any evidence relating to matters which happened after 10 October 2023 when reaching my decision.

Overall, I'm satisfied that the evidence shows Acromas failed to handle Ms K's claim

promptly and fairly, and that £750 compensation is warranted in the circumstances.

My final decision

For the reasons I've given, my final decision is that Acromas Insurance Company Limited must:

- Pay Ms K £750 compensation for the delays, poor communication, and lack of clarity around repairs and accommodation that she experienced during her claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 28 March 2024.

Debra Vaughan
Ombudsman