

The complaint

Mr and Mrs S complain about U K Insurance Limited's ("UKI") handling of their subsidence claim and its subsequent offer of compensation.

What happened

The background of this complaint is known in detail to the parties involved so I've summarised what I've found to be the key points.

- In 2022, Mr and Mrs S contacted UKI to let them know that a boundary wall that had previously been repaired by it several years prior and under a successful subsidence claim, had experienced further cracking and was failing. They believed this to be a result of UKI failing to carry out the original repairs to a suitable standard.
- UKI agreed to rebuild the wall including laying new foundations and asked its loss adjuster to provide an estimate from the specified contractor for works. There was several months of delay in its loss adjuster doing this and Mr and Mrs S had to chase for updates throughout this time.
- Mr and Mrs S complained to UKI about its failings. It said the work now required to rebuild the wall meant they would be without use of their garden for the summer months and a proposed conservatory build would have to be delayed resulting in an increased cost to them. They also had to postpone a holiday and said their car tyre had suffered damage because of UKI's contractors. They asked that UKI compensate them for these losses at a total of £15,000.
- UKI noted that Mr and Mrs S had made previous complaints throughout the process of the claim that had been responded to by it and this Service, so it said it wouldn't reconsider these points further. But in relation to the new complaint points raised that it could consider, it accepted its service and communication had fallen below the standard it would expect, and it upheld Mr and Mrs S's complaint.
- UKI acknowledged that at times, Mr and Mrs S had been left in the dark and had to chase matters up with it, leading to understandable frustration. It also acknowledged the disruption the further repairs would now cause to Mr and Mrs S's home and family life. UKI said that for the inconvenience, time and upset caused by its delays in completing the necessary work it would pay Mr and Mrs S £2,500 compensation.
- UKI also said that on receipt of the conservatory quotes and evidence of the costs for the damaged tyre, it would consider these losses further. But it didn't agree to compensate Mr and Mrs S for their holiday as nothing was booked and paid for and so there was no financial loss.
- Unhappy with UKI's response, Mr and Mrs S brought a complaint to this Service. Our Investigator thought the compensation UKI had offered to pay was fair and in line with what we'd expect in the circumstances. Mr and Mrs S disagreed, 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.

For the time period I can consider in this case, it's not in dispute between the parties that there have been delays during the handling of Mr and Mrs S's claim. And that the further works required at their property have caused considerable disruption to their home and lives. The disagreement between the parties is in the amount of compensation that's been offered by UKI to put things right, so that's what I need to consider in this case.

UKI has a duty to handle claims promptly and fairly. But generally speaking, the nature of insurance claims, especially ones involving subsidence, often means that *some* delay and inconvenience can somewhat expected. So, what I need to consider here is the impact on Mr and Mrs S of any *avoidable* delays and inconvenience caused by UKI.

From what I've seen, it took the best part of a year for UKI to start the required remedial works on the wall after Mr and Mrs S reported the issues to it in 2022. There were several avoidable delays during this time and Mr and Mrs S had to continually chase UKI for updates and to try and progress matters. UKI also appears to have accepted that its errors resulted in a loss of use of the garden and driveway for Mr and Mrs S for a sustained period of time. And they had to delay home improvements, a holiday and social plans in their garden, which they've said resulted in increased costs and loss of enjoyment.

With all that in mind, I'm persuaded that the impact of UKI's mistakes caused Mr and Mrs S sustained distress as well as causing severe disruption to their daily life over a long-term period. UKI has offered £2,500 in respect of this and on balance of the information available to me in this case, I'm satisfied this is fair and is in the bracket of what I would have directed it to offer if it hadn't done so already.

UKI has also offered to consider the financial losses Mr and Mrs S raised regarding their conservatory and a car tyre on receipt of suitable evidence. I'm satisfied this is fair in all the circumstances.

I understand Mr and Mrs S would like to be reimbursed for the increased cost in their holiday. But I'm minded to agree with UKI in this case that as nothing was booked and paid for in relation to this, it's not a direct financial loss. I accept there was a loss of opportunity regarding the booking of the holiday, but I'm satisfied the impact of this has already been accounted for in the £2500 compensation that UKI has already offered. So I won't be directing it to pay anything towards Mr and Mrs S's holiday costs.

My final decision

U K Insurance Limited has already made an offer to pay £2,500 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that U K Insurance Limited should pay Mr and Mrs S £2,500 if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs S to accept or reject my decision before 26 July 2024.

Rosie Osuji
Ombudsman