

## **The complaint**

Mrs and Mr N complain about how Esure Insurance Limited dealt with and settled a claim they made under their household insurance policy following an escape of water

## **What happened**

Mrs and Mr N held a household insurance policy, which covered them for damage to their buildings and contents. The policy was provided by Esure.

On 16 December 2022, Mrs and Mr N's home was damaged by an escape of water, which affected over 85% of their property. They contacted Esure the following day to report the damage and make a claim under their policy.

Mrs and Mr N said Esure dispatched a drying team to attend their property within a week of the damage occurring. They were provided with several industrial dehumidifiers to commence the drying process. This equipment remained in their home until March 2023 when their home was confirmed as being dry.

Mrs and Mr N stated that, during the first month after the damage had occurred, they had visits from emergency electricians and plumbers and 2 different surveyors. Skirting boards, carpets, flooring and furniture from within Mrs and Mr N's property were removed to assist in the drying process.

Mrs and Mr N said that the first surveyor that Esure appointed outlined a scope of works to reinstate the property. However, the loss adjuster Esure instructed disputed the extent of work proposed. As a result, a second surveyor was appointed who agreed with the opinion of the previous surveyor. But, despite the consensus, the loss adjuster still disagreed. This led to disagreements between Esure and Mrs and Mr N about what a fair settlement offer to reinstate the property to its pre loss condition looked like.

While Mrs and Mr N's property was reported to be dry in March 2023 the reinstatement work was delayed and the work didn't commence until August 2023. Mrs and Mr N remained living in their home until 17 January 2024 when Esure provided alternative accommodation to them.

Mrs and Mr N stated that, while they remained living within their home, parts of the property were uninhabitable as a result of the damage sustained. The family had to share bedrooms and were unable to use parts of their home while reinstatement work was undertaken.

Mrs and Mr N said they reported the presence of mould within their home to Esure on several occasions and asked for fitted units to be removed due to concerns of mould growing behind them. But they said Esure didn't proactively respond to their concerns. They stated that their mental health was impacted by what happened and the way in which their claim was handled. They also said their home was left in a dangerous condition while work was being completed, which resulted in the family sustaining injuries.

Esure paid Mrs and Mr N a disturbance allowance from August 2023 until the date they moved into alternative accommodation to reflect the upheaval they experienced while living in their property. But Mrs and Mr N were unhappy with how Esure had handled their claim.

They said there was poor communication and substandard service during the claim, which meant that appointments weren't kept to and there was uncertainty about the time line of the claim. They said this protracted the claim process and added to the trouble and upset they experienced. So, they complained to Esure about how it had handled and settled their claim.

When Esure responded to the complaint it accepted that there were some elements of poor service. To recognise this, it offered to pay Mrs and Mr N £250 compensation for the distress and inconvenience they were caused. Esure stated it had offered alternative accommodation to Mrs and Mr N, which wasn't taken up, and it said it had paid an appropriate disturbance allowance. So, it didn't think it needed to take any further action to resolve the complaint.

Mrs and Mr N rejected Esure's proposed resolution of their complaint and referred it to our service where it was assessed by one of our investigators. They recommended upholding this complaint and thought Esure should pay Mrs and Mr N £1000 compensation to reflect the trouble and upset they'd been caused as a result of the way in which their claim had been handled and settled. They also thought Esure should pay a disturbance allowance for an additional 16 weeks at a rate of £150 per week.

Mrs and Mr N rejected our investigator's view of this complaint as they thought the compensation award recommended was too low. And Esure disagreed; it thought the compensation suggested was too high. So I've been asked to determine the fairest way of resolving this complaint.

### **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'm sorry to hear about the difficulties Mrs and Mr N experienced here. I can see that pursuing their claim has been a very stressful experience for Mrs and Mr N and it's clear that communications have been strained between them and Esure. I can appreciate they feel very strongly about what happened and I can see they've gone to some trouble to provide our service with some very detailed submissions about their complaint. I want to assure them that I've read everything they've sent us. I hope they will understand if I don't address every comment they've made in this decision. I intend to concentrate on what I consider is key to the complaint – namely whether Esure acted reasonably in how it handled and settled this claim. And I'll explain why I don't think it has.

I understand that the outstanding areas of this complaint are whether the compensation offered to Mrs and Mr N and disturbance allowance paid by Esure are fair and reasonable given what happened. So this final decision will concentrate on both of these areas.

Mrs and Mr N's policy provides cover for damage caused by a range of perils that might happen. These are specific one-off events and include an escape of water, for example. In order for a claim to be successful, a policy holder would have to show that the damage they're claiming for was caused by an escape of water.

Mrs and Mr N's property suffered significant damage as a result of an escape of water. I've seen video footage that they provided to our service, which corroborates what they say about the extent of damage that occurred. As a result of the damage the property sustained, the drying process was complex and time consuming. Mrs and Mr N's property

was reported to be dry in March 2023. This was around 3 months following the escape of water, which again illustrates the extent of the damage caused.

I'm satisfied that appropriate dehumidifying equipment was provided to Mrs and Mr N promptly after the claim was reported. But, like our investigator, I'm persuaded that, because of the likelihood of mould and other health related issues that can be caused by damp, Mrs and Mr N and their children should have been accommodated elsewhere while the drying process was being completed.

Mrs and Mr N say they reported the presence of mould to Esure on several occasions. They haven't been able to confirm when they notified Esure about this. But I'm satisfied, based on the available evidence, that they explained clearly to Esure that there was mould growing behind fitted units in the property.

Given the presence of mould and the fact that the family were still living within the property I think it was beholden on Esure to ensure that every effort was made to expedite this claim. I haven't seen enough evidence to persuade me that happened. And, at this stage of the claim, I'm persuaded that Esure ought to have offered to accommodate Mrs and Mr N in a safer environment due to the impact mould can have on an individual's health.

I acknowledge that Mrs and Mr N were offered alternative accommodation by Esure and that they chose to remain living within their home. This decision, however, appears to have been based on an understanding by Mrs and Mr N that the reinstatement work would commence promptly. But the reinstatement works didn't commence until August 2023 despite Mrs and Mr N's property being certified as dry in March 2023. This is longer than we would expect and it's unclear why there was such a delay.

I'm satisfied that Mrs and Mr N experienced significant delays in the reinstatement process and I consider Esure and its agents to be responsible for that delay. There's no evidence that Mrs and Mr N contributed or caused that delay.

There's no evidence that Mrs and Mr N were kept updated about the likely timescale involved in reinstating their home to its pre-loss state. Esure had a duty to communicate effectively with them but it appears the claim suffered from Esure's lack of overall management. The claim process should have been managed more proactively and, had this happened, I'm persuaded there would have been less delay.

Esure has confirmed that Mrs and Mr N were provided with alternative accommodation on 17 January 2024. This was over 12 months after the damage occurred. Esure has explained that payments to cover the cost of the accommodation while Mrs and Mr N didn't live in their property have already been settled in full. And Mrs and Mr N haven't disputed this. So, I don't need to consider whether Mrs and Mr N have suffered financial loss as a result of the alternative accommodation they resided in.

While Mrs and Mr N had wanted to remain in their property at the outset of their claim, I'm satisfied that alternative accommodation should have been provided sooner given the delays in the way in which their claim was progressing. And I think it's likely that, if Mrs and Mr N had been aware of the time it would take to reinstate their home they'd have chosen to reside elsewhere sooner.

I'm persuaded, overall, that while Mrs and Mr N were living within their property they experienced distress and inconvenience. Parts of their home were uninhabitable and this

impacted on their family life. Their Christmas was disrupted and I'm told that there were times when family members suffered injury as a result of the reinstatement works.

As our investigator explained to Mrs and Mr N, our service can't direct Esure to settle this complaint by paying them what it would have cost it to provide alternative accommodation during times when that wasn't taken up. But it is reasonable to expect Esure to pay a disturbance allowance in circumstances where a policyholder remains in their home.

Our investigator recommended that Esure resolve this complaint by paying Mrs and Mr N the disturbance allowance from April 2023 until July 2023. They acknowledged that Esure had made such payments to Mrs and Mr N from August 2023 onwards.

When Esure responded to our investigator's view, it disputed that an additional disturbance allowance payment was fair and reasonable. It said the allowance is payable from the date reinstatement work commences and that this didn't happen until August 2023. Esure explained that the disturbance allowance was paid up from the date work commenced until 17 January 2024, which was the date Mrs and Mr N moved into their alternative accommodation. Esure contends the appropriate payments have been made.

In thinking about whether Esure acted fairly here I've taken into account that the reinstatement work could have commenced in April 2023, which was just after Mrs and Mr N's property had been certified as dry. I've already explained that the 4 month delay in the work commencing was not the fault of Mrs and Mr N. So, they shouldn't be disadvantaged as a result.

In the overall circumstances of this complaint I'm persuaded it would be fair and reasonable for Esure to pay Mrs and Mr N the disturbance allowance of £150 per week (which is the usual rate in claims of this nature) from April until July 2023. This period is 16 weeks and I agree with our investigator's assessment that £2400 should be paid to Mrs and Mr N for the disturbance they experienced during that time.

I can see that Mrs and Mr N have argued that they should be paid an enhanced disturbance allowance because they suffered additionally during the time they remained in their home due to the presence of mould, parts of the property being uninhabitable, the family suffering injury and the delay in the reinstatement work commencing. They contend that it's unfair to pay them the same per week as a policyholder who didn't experience such upset or difficulties.

I understand what Mrs and Mr N are saying here but that isn't how disturbance allowances work. And I want to make clear to them that I've reflected the additional difficulties they experienced in the compensation I'm directing Esure to award here to resolve this complaint. So, I'm satisfied that a disturbance allowance of £150 per week is fair and reasonable here.

In the overall circumstances, I'm satisfied that Esure has already paid Mrs and Mr N a disturbance allowance of £150 per week from August 2023 until the date they moved into alternative accommodation. But for the reasons set out above, it should increase this allowance to take into account the period from April 2023 to July 2023 and should therefore pay a disturbance allowance of £2400 to Mrs and Mr N as part of this final decision.

To fairly resolve this complaint, our investigator recommended that Esure pay Mrs and Mr N £1000 in compensation. And taking into account the impact Esure's errors and poor service had on Mrs and Mr N, I'm also persuaded it ought to pay compensation.

Unfortunately, significant escape of water claims affecting large areas such as at Mrs and Mr N's home are complex to resolve involving several parties and generally take several months to conclude. It follows that this is an inherently disrupting and stressful experience for policyholders.

We aren't here to punish businesses. Our role is to determine whether avoidable delay and stress by the insurer and its agents has added to the policyholders' experience and we may award compensation where we think that unnecessary distress and inconvenience has been caused to consumers.

Mrs and Mr N have told our service they don't believe £1000 adequately recognises their experience. They've explained the impact this claim had on them. While Mrs and Mr N have raised specific concerns about mould and the reinstatement works impacting on their family's health, I haven't seen any medical evidence demonstrating that their health deteriorated because of what happened.

Having thought very carefully about the trouble and upset that Mrs and Mr N would have experienced here, I'm persuaded that £1000 compensation is fair. This amount reflects that Mrs and Mr N experienced delays in their home being reinstated after it had been deemed to be dry. It also recognises the fact that their home comprised a potentially dangerous environment for Mrs and Mr N and their children. And it acknowledges the additional distress and inconvenience they experienced because of poor communication and shortfalls in service.

I'm satisfied the compensation recommended by our investigator is consistent with our approach in similar scenarios. I haven't seen enough to persuade me that a higher distress and inconvenience award is warranted here. So, Esure should resolve this complaint by paying Mrs and Mr N £1000 in compensation to reflect the way in which their claim was handled and settled.

### **Putting things right**

For the reasons set out above Esure should resolve this complaint by paying Mrs and Mr N £1000 in compensation and £2400 as a disturbance allowance to cover the period from April until July 2023.

### **My final decision**

My final decision is that I uphold this complaint. I'm directing Esure Insurance Limited to resolve this complaint by paying Mrs and Mr N £1000 in compensation and £2400 as a disturbance allowance to cover the period from April until July 2023.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N and Mr N to accept or reject my decision before 13 August 2024.

Julie Mitchell  
**Ombudsman**