

## The complaint

Ms C is complaining about the way a claim she made against a commercial property insurance policy provided by U K Insurance Limited (UKI) was handled.

## What happened

The facts of this complaint are well known to all parties, so I won't set them out in detail. But, in summary, Ms C owned the leasehold on a flat in an apartment block. UKI provided an insurance policy to cover the apartment block as a whole – including Ms C's flat. In July 2018 UKI were notified of a claim arising from an escape of water. UKI instructed a loss adjustor to act on its behalf. It was later notified that Ms C had instructed a loss assessor – who I shall refer to as T – to handle the claim on her behalf.

Ms C complained to UKI saying the following:

- While T has said the works were completed, she says the flat is in a really poor state of repair. She wants UKI to put things right. UKI said it wasn't liable for the repairs that were carried out as they were managed by T. And it said T wasn't acting on its behalf. Ms C said UKI should have inspected the property before paying the final payment. But UKI said it wasn't required to do so. And it said Ms C would need to raise this with T directly if she wasn't happy with the quality of the works.
- She said it took three months to put her neighbour into alternative accommodation ('AA'), which meant further leaks occurred causing further damage to her property.
- UKI didn't arrange AA for her. She said she had to end the tenancy on her mother's property in Glasgow – 400 miles away – to stay there to escape her damaged property. She said she asked UKI to source her a property, but it couldn't do so. She said at one point she inspected a property she liked, but she was later told she couldn't have it after checks. She said she had to pay for hotels and stay with family. She said UKI had said it would pay for this, but didn't do so. UKI later said it would pay for the cost of the hotels. It also said it would pay a further £20 per day for 50 days – i.e. a further £1,000.
- She said she'd incurred other expenses such as council tax and electricity bills on two properties and she wanted UKI to pay the bills incurred on her flat for the time the claim was being handled.

Ms C remained unhappy with the outcome of her complaint, so referred it to this Service.

I issued a provisional decision partially upholding this complaint and I said the following:

*"I should first set out that I acknowledge I've summarised Ms C's complaint in a lot less detail than she has presented it. Ms C has raised a number of reasons about why she's unhappy with the way UKI has handled this matter. I've not commented on each and every point she's raised. Instead I've focussed on what I consider to be the key points I need to think about. I don't mean any discourtesy about this, but it simply reflects the informal nature of this Service. I assure Ms C, however, that I have read and considered everything she's provided.*

*Ms C has raised a number of reasons why she's unhappy with the way UKI has handled the claim. I shall deal with each point separately.*

### *Handling of the reinstatement*

*The terms of the insurance policy required UKI to pay for the cost of putting the damage right. They didn't require UKI to handle the claim itself. It's generally considered good industry practice for an insurer to do this. But, in this case, Ms C appointed T to act on her behalf. And Ms C signed an authority note authorising T to do so. T was a loss assessor and the terms of its contract with Ms C would have required T to manage and oversee the claim process. So, other than negotiating the settlement with T at the start and paying the costs presented by T, UKI had no involvement in the reinstatement works. T was acting on Ms C's behalf, not UKI. So UKI isn't liable for anything T did or didn't do. It settled the claim by paying the agreed costs, so has fulfilled its responsibilities under the policy. Ms C will need to raise any concerns she has about the repairs with T directly.*

*I note Ms C says UKI shouldn't have paid the final settlement until it had inspected the property to ensure the works were completed to a satisfactory standard. But, as I said, UKI was only required to pay the costs and wasn't handling the claim. So I can't reasonably say it should have inspected the property before it paid the settlement.*

*Ms C has said that she thinks the damage got worse because UKI took too long to put her neighbour into AA, which meant it didn't fix the leak sooner. But I can see UKI had some specific challenges with arranging the AA for them, due to specific AA requirements that were required. But, in any event, any additional damage was the responsibility of T to put things right under its arrangement with Ms C. So I can't say UKI is liable for that.*

### *Alternative accommodation*

*Ms C is unhappy with the way UKI handled her request for AA. I can see that UKI did look to try to arrange AA for Ms C. It said it agreed at the start that Ms C could look to find a rental property for her to stay at. And I think this is supported by the fact that Ms C did look at a number of properties. However, it said that Ms C set out that, for various reasons (including medical reasons), she splits her time between her hometown and Glasgow. It said this caused challenges in sourcing a property. It said one property was found to be suitable, but the landlord wasn't comfortable with her being away for periods of time. I think this is also supported by Ms C's comment that she'd found a property she liked, but was subsequently told it wasn't available. Ms C also explained that she had some specific requirements on the property too, to support her medical issues, which meant some properties she viewed weren't suitable.*

*So I think UKI did make some reasonable steps to look to source AA for Ms C, but wasn't able to do so. Ultimately, it seems UKI agreed with Ms C that it would refund the costs she incurred plus an allowance for other days.*

*Ms C says she was out of the property for 373 days. I understand she's presented hotel bills for 56 days and is looking for £50 per night for the remaining 317 days – an additional amount of £15,850. UKI has agreed to pay for the hotel bills, but doesn't agree to pay the additional £15,850. I don't think UKI is being wholly unreasonable here.*

*This was not a significant claim and I don't think it's unreasonable for UKI to say it shouldn't have taken as long as this. While I recognise there was a lot of water damage, I cannot agree that 373 days is a reasonable time for the repairs to have taken place. It seems from emails I've seen between T and UKI that there were a number of disputes between Ms C and T throughout the repair process. But, it should not have taken as long as it did to complete the works. And, as I said above, UKI is not liable for the actions of T. So I don't think I can reasonably require it to pay for the full 373 days. I need to think about what's fair*

and reasonable.

*It's not clear precisely how long the claim should have taken. UKI have suggested it should have taken around six months and that doesn't feel unreasonable. But there will always be some challenges and delays with a claim such as this. And it does seem some of the delays in sourcing AA for Ms C and her neighbours were out of Ms C and T's control. But I'm also conscious that Ms C hasn't provided anything to show what extra she paid in AA. But UKI said it was willing to pay her a proportion of what it would have paid for AA. As I said, UKI has already paid for 56 days of hotel bills. I think the fairest way to resolve this is that UKI pays for six months at £50 per day – i.e. a sum of £9,000.*

#### *Additional costs*

*Ms C wants UKI to pay for the council tax she paid for her property and the utility bills while the repairs were being carried out. It's considered good industry practice for insurers to pay for utility bills and council tax if the policyholder can show they've had to pay more than they would have done but for the insured event. Regarding Ms C's claim, I need to think about whether these costs are as a result of the escape of water or any other actions.*

*I understand works started on the property in January 2019 and were completed in December 2019. While, as I said above, I think it's arguable the repairs could have been completed quicker, I think UKI should cover the utility bills – i.e. gas, electricity and water – for this time.*

*As I said, Ms C wants UKI to cover the council tax she paid on the property during that time. But I think I can only require UKI to pay this if Ms C can show she was required to pay council tax on another because of the claim – i.e. she can show she started paying council tax on another property after the leak occurred. If she can show this, I think UKI should pay the council tax on the insured property between January 2019 to December 2019.*

#### *Distress and inconvenience*

*I do think the vast majority of Ms C's distress and unhappiness rests with the actions of T. And, as I said above, UKI isn't liable for this. But I do think it could have managed other aspects of the claim better – in particular payment for alternative accommodation and the utility bills. I think UKI should pay £500 in compensation to reflect the upset this has caused and for her being out of pocket.”*

Neither party accepted my provisional decision.

In summary, UKI said the following:

- It acknowledged some of the issues were outside of Ms C and T's control – such the fact they had to wait for the occupiers of the flat upstairs to vacate it.
- However, it said, had T proactively managed the claim, it could have been greatly reduced the claim time span, which is why UKI had not accepted the full alternative accommodation costs.

Ms C said the following:

- She has no idea why it took so long to repair her flat, but she said T was liaising with UKI's loss adjustor throughout.
- She highlighted that it took a number of months before the upstairs neighbours moved out. And she said this delayed the claim by around three months. And she said UKI took

seven months to authorise T to start any works. She said she was left to live in a damp, mouldy damaged flat until T could start repairs. And she said this affected her breathing and voice, which has left her with breathing problems and a voice that keeps disappearing. She said she went to Glasgow for three weeks to escape the smell of mould and damp.

- She set out again that UKI told her of three flats available. One of them wasn't suitable because of her back condition. She returned to inspect them and chose one. But UKI later told her she couldn't have it after checks were carried out. She said UKI didn't explain why she wasn't given the flat. She thinks it's unfair she was made to rush back from Glasgow for nothing. She said she'd never told UKI that she split her time between her home in London and Glasgow. She maintained she rented the flat in Glasgow out until the issues with the claim arose. And she ended the tenancy to enable her to go back and forth to Glasgow to escape the smell. She said she would have continued to rent the property out had UKI arranged suitable accommodation for her. And she highlighted she had to pay bills on both properties – the tenants would have paid the bills on the flat in Glasgow.
- She said UKI never asked her to source her own property. But she said, even if it did, it would have been almost impossible to rent a property for less than 12 months and she didn't know how long it would take repair her flat. She said she felt bullied to stay in Glasgow and could have easily stayed in a local hotel had UKI agreed to that if it couldn't find her a property to stay in.
- She queried why UKI didn't find alternative accommodation for her and the neighbour in January 2019 when UKI was aware the work needed to start. She said she stayed in a hotel for the first two weeks before going to Glasgow. She said she visited her flat before going to Glasgow, but she said she suffered an eye injury due to the dust and damp in the property.
- She said her flat had been leaking since 2017 and UKI first declined her claim, which is why she appointed T to act on her behalf. She said, if UKI had first accepted the claim, she would not have had to appoint T. She thought T were builders, not loss assessors. She understood that T would liaise with UKI's loss adjuster on the claim.
- She sent some furniture to storage, but she said T told her they would cordon off the lounge and leave no mess. But she said they didn't do this. She said T told her UKI might not pay the storage bill if she sent everything to storage. She said she finally got consent to send the rest of her furniture to storage around five months later, by which time it smelt because the electricity had been turned off.
- She didn't know what the dispute with T was. She set out some of the issues she'd had with the quality of the work – including issues with the kitchen and flooring.
- Two more leaks appeared after she returned to the flat. But she said UKI said she'd have to pay another excess which she thought was unfair.
- She said ultimately the distress she is currently experiencing is because the damage to her flat was never fully repaired and whatever was repaired is repaired so badly it has to be redone. She also said it's partly because of UKI's inability at the time to have offered her any suitable ground floor accommodation and for refusing to allow her to stay full-time at the nearby hotel knowing that it had not found her alternative accommodation.

### **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.

While I have very briefly summarised UKI and Ms C's comments raised, I assure them both that I have taken all parties' additional comments into consideration. I've also not commented on each and every point raised, but I've focussed on what I think are the core issues in this complaint. However I'm not persuaded they have provided me with anything

materially new to think about. So I've come to the same conclusion as I did in my provisional decision and I'll explain why.

Firstly, I must reiterate that I'm not able to consider the actions of T in this decision. And, for the reasons I set out in my provisional decision UKI isn't liable for T's actions either. I acknowledge and appreciate Ms C's unhappiness about the current state of her property, the information T gave her at the start of the claim and that she doesn't believe the repairs have been carried out satisfactorily. But UKI's liability in this claim was to pay T the cost of repair and it has done that. If Ms C is unhappy about the actions of T, she'll need to raise that with T directly.

Ms C said UKI forced her into appointing T because it initially declined her claim by not sending her a claim form. I haven't seen anything to support this. But, even if I were to accept that UKI caused delays here, I need to be satisfied that this was the cause of the subsequent issues. I can't agree it was. Ultimately it was Ms C's decision to appoint T. And UKI wasn't responsible for delays arising from this. For me to hold UKI liable for this, I'd need to be satisfied that it was reasonably foreseeable that a delay in sending a claim form was likely to result in Ms C appointing another company to handle the claim on her behalf and she'd then have issues with that company. Ultimately, it was T's actions that has caused Ms C to have the issues she set out in terms of the repairs, not anything UKI did or did not do. So I cannot hold UKI responsible for this.

I note all of the comments Ms C made about the challenges relating to sourcing her alternative accommodation. But my provisional decision set out why I was satisfied that UKI did take reasonable steps to arrange accommodation for her. And Ms C hasn't given me anything new to think about regarding this. She set out that she never told UKI or T that she split her time between London and Glasgow. But I'm persuaded by the correspondence that it's *most* likely she had said to UKI that she was spending time between London and Glasgow. And, as I said previously, I think this is also supported by Ms C's comment that she'd found a property she liked, but was subsequently told it wasn't available. UKI has said this was because the owner of the property didn't want to leave it unoccupied for prolonged periods of time. So I think this supports that there was a conversation about Ms C fluctuating between London and Glasgow.

As I said in my provisional decision, I agree that some of the delays in the claim process were down to the delays in sourcing AA for Ms C and her neighbours. But it's clear from the correspondence that Ms C and T were in dispute over certain issues and the claim should not have taken as long as it did, even taking into consideration the delays in sourcing accommodation for Ms C's neighbour. And, as I said, UKI isn't liable for the actions of T.

Ultimately, neither party has given me anything to make me think the conclusion I reached about how UKI should settle Ms C's alternative accommodation claim is unfair. So UKI should pay Ms C a further £9,000 for alternative accommodation in addition to the amount it paid for hotel bills.

Ms C has set out she can provide copies of her bank statements showing she was paying council tax on both properties. But, as I said in my provisional decision, the question is whether she was paying council tax on two properties as a result of the claim. So, she would need to provide evidence to UKI that she was paying more in council tax because of the claim – i.e. that she wasn't previously paying council tax on both properties, but had to do so because she had to vacate her flat in London.

### **My final decision**

For the reasons I've set out above, it's my final decision that I uphold this complaint and

require U K Insurance Limited to do the following to put things right:

1. Pay Ms C a further £9,000 for alternative accommodation in addition to the amount it paid for hotel bills.
2. Cover the utility bills – i.e. gas, electricity and water – between January and December 2019 \*.
3. If Ms C can show she was required to pay more in council tax because of the claim – i.e. that she wasn't previously paying council tax on both properties, but had to do so because she had to vacate her flat in London – it should refund the extra that Ms C paid for the council tax between January 2019 to December 2019 \*.
4. Pay £500 in compensation.

\* It should add 8% simple interest per year on these from when Ms C was out of pocket until she gets them back. If U K Insurance Limited thinks that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Ms C how much it's taken off. It should also give her a tax deduction certificate if she asks for one, so she can reclaim the tax if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 18 June 2024.

Guy Mitchell

**Ombudsman**