

The complaint

Mr K complains about how Allied World Assurance Company (Europe) plc ('Allied World') responded to a claim he made under a residential landlord's property insurance policy.

A lot of Mr K's dissatisfaction stems from the actions of agents acting on behalf of Allied World. As they have accepted responsibility for the actions of their appointed agents, any reference to Allied World in my decision should also be interpreted as covering the actions of their appointed agents.

What happened

The background to this complaint is well known to Mr K and Allied World. Rather than repeat what is known to both parties, in my decision, I'll focus mainly on giving the reasons for reaching the outcome that I have.

In November 2023 Mr K made claims for damage to a commercial property he owned. Mr K later made complaints as he was unhappy with Allied World's handling and settlement of those claims.

In relation to this complaint, Mr K argued Allied World took too long to claims for damage caused by water. He says as a result, his property took longer to be made 'habitable' and as a result he's suffered a consequential loss - including loss of rental income. Allied World issued a final response letter dated 8 July 2024 in which they didn't uphold this complaint.

Unhappy with the response provided by Allied World, he referred this complaint to our Service. Our Investigator didn't recommend that the complaint be upheld and as Mr K remained unhappy, the complaint has been referred to me for a final 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.

Our Service is an alternative, informal dispute resolution service. Although I may not address every point raised as part of this complaint - I have considered them. This isn't intended as a discourtesy to either party – it simply reflects the informal nature of our Service.

The scope of my decision

It's important I set out what I will and will not be considering in my decision.

Mr K has raised a number of claims and complaints following the damage to his property. Our Service has previously considered a separate complaint about claim settlements. I won't be making any findings in relation to that complaint in this decision. However, I might make reference to Allied World's actions - as there is some cross over between the complaint events here.

I note reference to a mis-sold insurance complaint and insurance pricing (higher premiums) has been made in correspondence from Mr K. As that's not part of this complaint referral, I won't be addressing those issues in this decision.

In relation to the consequential loss Mr K is claiming, I will only consider it if I find, on balance, that things didn't happen here as they ought to when Allied World were handling this claim and if Mr K has lost out as a result of their actions.

Mr K had a loss assessor involved in taking his claims forward on his behalf. I also won't be considering their actions in this decision, but I may reference them to give context to why the claims process took longer than Mr K would have liked.

My key findings

Allied World have said that the claims for water damage weren't made to them until around May 2024. They say they couldn't have resolved the water damage claims earlier than they did as they were waiting for evidence - such as invoices to be submitted. Mr K disagrees and says the loss adjuster acting on behalf of Allied World ought to have ensured correct claims were registered at the appropriate time.

I've reviewed the business records of interactions between Mr K and Allied World. A note dated 21 May 2024 at 16.53 states:

"PH has an MD claim that is being handled by LA. They have confirmed there is an EOW element and a new claim will need to be logged.

I have been unable to contact the PH and discuss the full circumstances at this stage."

Another note states a voicemail message was left for Mr K at the same time, followed by an email to Mr K. Prior to May 2024, I've not seen supporting evidence that Allied World were aware of or ought to have been reasonably aware of any potential claim for water damage. I'd also draw attention to Mr K having appointed a loss assessor to deal with the claim on his behalf for a proportion of the time whilst the claim was ongoing.

Although Mr K argues that Allied World should have been aware of the water damage much earlier. I've also reviewed the initial stages of Mr K's other claim (malicious damage) and can see that aside from normal claim validation activities, the communication between Allied World and Mr K revolved around general malicious damage to various parts of his property.

I haven't seen any specific reference to water damage from Mr K or his loss assessor until May 2024. An email from 18 March 2024 (prior to the water damage claims being raised) refers to Mr K still being *"in the process of obtaining estimates for the malicious damage claim."* A further email dated 3 April 2024 to Mr K asks for his second estimate to be provided. Again, this doesn't support that Allied World were causing delays as Mr K has alleged.

After Mr K's loss assessor withdrew from the claim, it wasn't until around mid-May 2024 that there are references to water damage. Based on what I've seen, Allied World handled these claims promptly - when put on notice.

In summary, I find that Allied World have fairly and reasonably considered and responded to Mr K's water damage claims after they were raised. I also don't find that Allied World caused delays to these claims being raised. For example, as late as 20 May 2024, Mr K emailed the business to say:

"I got the contractor to do a full assessment.... He also did find another incident of water damage in the cellar due to a previous leak there as well."

This supports that the damage wasn't immediately apparent from the outset of the claim – given the overall condition of the property. Once the new information came to light, Allied World acted fairly, reasonably, and promptly.

Loss of rent

In an email dated 25 June 2024 from Mr K, he refers to the possibility of a shower or tap being left running accidentally causing the water damage. Mr K has also argued that he should be entitled to further loss of rent payment under the accidental damage policy terms.

On balance, having considered the overall circumstances of the damage to Mr K's property, I find that Allied World haven't acted unreasonably when applying the policy terms around loss of rent arising out of malicious damage.

Mr K has said in response to our Investigator's assessment:

"...I showed him around including the leak area in the bathroom of the property of the ceiling damage which was the only area of water damage known at the time. He would've also seen some of the others too like the staining on the ceiling due to what I later found out to a radiator leak."

Given the general condition of the property, the overall damage throughout and the circumstances of the damage, I don't find it unreasonable that it took some time for the various different claims to be identified. I'd also point out that for part of this claim, Mr K had appointed a loss assessor to deal with the claim on his behalf and they also hadn't raised the issue of breaking down the damage overall to specifically include the water damage. Instead, their correspondence with Allied World refers to repair costs to the different areas of the property.

Finally, Mr K has also said:

"...because I was unlucky enough to have malicious damage at the same time, I don't think this should jeopardise the loss of rent I have incurred due to escape of water if the policy states I can have the loss of rent for it from the date of the incident and that I should get compensated the difference from the actual loss and the loss provided."

To be clear, Mr K isn't being penalised because he had malicious damage cover. He has benefited by having this cover. Had he not, much of his claim likely would have failed. In addition, the property wasn't habitable until repair works had been carried out. Up until May 2024 (when Mr K put the insurer on notice that there was water damage claims), the property still wasn't fully habitable. For example, an email from Mr K to the insurer dated 1 May 2024 states:

"I've put together in a generalist table all the works you would cover so kitchen bathroom flooring plastering decorating and other damages such as the doors, smashed window and window handles where key has been taken by tenant as well other small damages such as spindles stair repair etc and the lowest price that I could manage to get so far I have put in a table."

Please review and let me know but with this price I have been told that my house could be bought back into a habitable state." [bold added for emphasis by

Ombudsman]

It was approximately two weeks after this email that the claims for water damage were made with the insurer.

In summary, I find that Allied World have fairly responded to the loss of rent part of this claim when making their settlement offer.

The service provided

I note Mr K's references to the behaviour of the loss adjuster acting on behalf of Allied World. Specifically, he says they were coercive and controlling. In the absence of persuasive supporting evidence, I haven't seen anything that sufficiently undermines Allied World's record of contact with Mr K. I've carefully reviewed email correspondence between the relevant parties and, in my opinion, nothing that supports the feelings Mr K has later expressed comes across in his emails, across many months, to Allied World.

Mr K has referred to communication happening via phone calls rather than email. But as above, I've reviewed the available relevant records and call notes and haven't seen evidence to support how Mr K feels. Nothing has been provided by Mr K to support that he had other interactions with Allied World outside of what they've recorded. I'd also find it unusual if an agent acting on behalf of the insurer was regularly acting inappropriately on the telephone, but professionally in emails.

In summary, I find that although the service provided might not have met Mr K's expectations, it wasn't poor to the extent that financial compensation for this reason would be fair, reasonable or proportionate.

My decision will disappoint Mr K, but it brings to an end our Service's involvement in trying to informally resolve his dispute with Allied World. Mr K has mentioned taking legal action against the business and he retains all other dispute resolution options.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 30 December 2024.

Daniel O'Shea
Ombudsman