

## **The complaint**

Ms E and Mr R complain about Tesco Underwriting Limited's handling of their buildings insurance claim.

All references to Tesco also include its appointed agents.

## **What happened**

### *What my decision considers*

My decision considers the complaint addressed in Tesco's final response letter in March 2024. I'm aware Ms E and Mr R have raised subsequent issues with Tesco, so any reference to matters outside of the complaint I'm considering here are for context only.

Below is intended to be a summary of the claim and the key events forming this complaint. Therefore, it doesn't list everything that has happened, or every point raised.

- Ms E and Mr R made a claim around August 2022 for subsidence damage at their property.
- Tesco carried out investigations to the drains and identified cracking in the drainage system which caused an escape of water, softening subsoils and affecting the foundations of the property.
- Tesco's investigations also identified bellied pipework and drops throughout the drains causing it to hold water. It said this was likely due to a poor fall in the system and small ground movement causing 'belllying' in the pipes. It proposed to install a patch line to rectify this, but should this fail, it said the system would need to be replaced.
- Ms E and Mr R raised concerns about other possible factors causing the subsidence. A neighbouring property had also been affected by subsidence, and Ms E and Mr R had voiced concerns about rising water tables to Tesco.
- Tesco carried out further investigations and in May 2023 a period of monitoring was recommended to further understand the nature of the ground movement at the property. Tesco also concluded the whole drainage system would need replacing.
- Monitoring finished in November 2023. Due to the amount its contractor had quoted for replacement of the drainage system, Tesco sought to appoint a different contractor to complete these works – they attended Ms E and Mr R's property in January 2024 to complete further inspections of the drains and to complete a quote for Tesco.
- As a leak in the mains pipe was found, Ms E and Mr R engaged their own contractor to carry out repairs in January 2024 – they've provided a job sheet which shows a section of pipework was backfilled and replaced.
- The contractor set out there was still another leak somewhere in the supply, the job sheet shows they also carried out repairs to another area, identifying 3 leaks located near to a neighbouring fence in February 2024.

Ms E and Mr R raised a complaint with Tesco, they were unhappy with the progress of the claim and dissatisfied with a lack of communication.

In summary Ms E and Mr R raised the following concerns:

- They'd experienced issues with poor communication and a lack of care throughout the claim. They'd regularly failed to receive regular updates or responses from Tesco's loss adjuster – and in some cases months had passed without communication. Often their responses were ignored.
- They'd regularly expressed concerns regarding their health and safety due to the property continuing to deteriorate – but said these hadn't been adequately addressed. This included an infestation of rodents discovered in the property around December 2022 and the issues with mould and keeping the property at a reasonable temperature in hot or cold weather.
- Ms E and Mr R also disclosed about the impact and stress caused by ongoing deterioration of the property and the issues with Tesco had on their health.
- Ms E and Mr R didn't believe defective drains were the cause of the issues – and didn't understand how Tesco come to this conclusion. They said they didn't feel monitoring data was a true reflection of the movement at the property.
- They've highlighted further leaks found by the water company in January 2023 and don't believe proper investigations were carried out. They've also highlighted that no structural survey was completed at the property.

Tesco sent Ms E and Mr R its final response to the complaint in March 2024.

It said in handling the claim it had experienced issues with costs and ownership of the drains which required further investigation. It said some of the issues had been unavoidable and the claim had become more complex than it initially appeared.

However, it said it could see it had caused some avoidable delays in its handling of the complaint and that its communication to Ms E and Mr R could have been better.

In recognition of the distress and inconvenience caused, it offered £300 compensation.

#### *Our investigator's view*

Our investigator recommended the complaint be upheld.

He said having reviewed matters, Tesco had identified the cause of the subsidence and it had acted reasonably in carrying out monitoring to see if the repair of the identified cause halted the subsidence. So, he wouldn't have expected Tesco to have done more initially.

However, he felt Tesco had caused avoidable delays and provided poor communication during the claim.

He noted Tesco had caused a delay in arranging for a second contractor to quote for replacing the drainage system. He felt Tesco had been reasonably aware of this after the first contractor provided a quote for repairs in July 2023, but Tesco didn't seek an alternative until around December 2023. He also said Tesco had referenced issues establishing ownership of the drains but hadn't seen evidence that persuaded him this was the case.

Our investigator didn't feel Tesco's compensation fairly reflected the distress and inconvenience its actions had caused Ms E and Mr R. He recommended Tesco increase the offer of compensation to £600.

Ms E and Mr R provided further comments following our investigator's view.

They didn't feel the compensation fairly reflected the significant stress they'd been caused by Tesco's actions.

They reiterated the issues they'd experienced with poor communication. They didn't feel our investigator's view addressed the issues they'd continued to experience in the claim. They said they needed clarity from Tesco regarding their claim and what the next steps would be.

Ms E and Mr R provided other comments following our investigator's view. However, these points relate to matters being investigated outside of this complaint – so I won't refer to those further here.

Tesco didn't agree with our investigator's view of the complaint and asked for an ombudsman to review the matter. It said it didn't agree with our investigator's recommendation of increased compensation.

It said it didn't seek an alternative quote for a contractor until final monitoring readings were received in November 2023 as a decision was made on how to proceed based on this information. It acknowledged there had been communication issues.

However, it said there had been minimal avoidable delays, due to the complexity of the claim it had been required to carry out further investigations and considerations before it could progress the claim.

The complaint has now passed to me.

### **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.

It's clear Ms E and Mr R feel strongly about what has happened - this is their home and claims of this type can by nature be very stressful. So, I understand why they feel the way they do, and they have my natural sympathy for the issues they've experienced. I want to assure them I've read and considered everything they've provided very carefully.

The purpose of my decision isn't to address every single point the parties have raised or to answer every question asked, so it will focus on what I consider to be the central issues of the complaint. This isn't meant as a discourtesy. So, if I don't reference a particular point of piece of information, it doesn't mean I haven't considered it, I have.

I can also see Ms E and Mr R have raised concerns about Tesco's handling of their complaint.

The extent of our powers, as set by the Financial Services and Markets Act 2000, is set out in the dispute resolution section of the regulator's handbook of rules and guidelines. This is commonly referred to as DISP and the handbook can be found online.

There are several factors that determine whether we can consider a complaint, ranging from where the activity took place (our territorial jurisdiction) to whether the activity complained about is something we can investigate.

However, doesn't include complaint handling itself, so I'm not able to consider this specific point. So, I will not comment on it further below.

I'm upholding Ms E and Mr R's complaint. I'll explain why.

### *Investigations and the progress of the claim*

- Tesco are entitled to rely on the opinions of its experts. I understand Ms E and Mr R's concerns, but I can't see Tesco's conclusion, that an escape of water has caused a softening of the subsoil, is obviously wrong. And I've not seen evidence that persuades me a different cause is responsible – or that monitoring or other investigations carried out at the property aren't accurate.
- However, I would say, if Ms E and Mr R remained concerned, they are entitled to seek out their own expert opinion, which they can provide to Tesco for consideration. But they would need to also consider this would come at a cost to themselves.
- Under the terms of the policy Tesco are required to identify the cause of the subsidence and remedy it by providing a lasting and effective repair. I can see Underpinning has been mentioned in correspondence from Ms E and Mr R, however Tesco may be able to achieve this in a different way. I can see since the final response; a proposal has been put forward and again I refer to my point above that Ms E and Mr R can seek out an independent expert opinion if they so wish to.
- I can see Ms E and Mr R have raised not receiving reimbursement for the cost of repairs to the pipes in January and February 2024. I haven't seen any evidence that Tesco confirmed these costs would be reimbursed. However, I think it is reasonable Tesco should consider these costs and I would also remind Tesco of our service's view that when refunding any claim related costs, it should do so in 28 days. And if it doesn't, it should apply 8% simple interest from the date of the invoice to the date it makes payment.

### *Communication and delays*

- I can see Ms E and Mr R have sought clarification on how their claim should be dealt with going forward, including direction from our service on how often Tesco should update them – and the repercussions if it doesn't do so.
- I have power to require businesses to compensate for loss or material distress or inconvenience, and to direct a business to act in relation to an individual. However, I don't have the ability to order a business to change its practices or systems in a more general way. And I can't direct for Tesco to provide an update in a specific timeframe.
- However, I would expect contact to be acknowledged and for Ms E and Mr R to be given regular updates on the claim's progress.
- In this case you can see from Tesco's internal communications there have been times where updates could have been given, even if to provide reassurance to Ms E and Mr R their concerns had been received. However, this hasn't always happened.
- I acknowledge there several things that required exploring as part of the claim, which is common in claims of this nature, and are needed to ensure a lasting and effective solution is found. But Ms E and Mr R needed reassurance the claim was progressing.
- They've repeatedly had to chase Tesco, its appointed representatives, and its contractors for updates. – and I can't see their expectations have always been managed when raising issues.
- In particular, they raised issues with the rodent infestation in December 2022 – but a clear answer wasn't provided to them almost four months later. While Tesco provided comments why it feels subsidence was not responsible for this (and I've not seen any evidence that persuades me it was) it's reasonable this could have been established much earlier and an answer given to Ms E and Mr R.

- In addition, according to its own claim notes, Tesco were aware from at least February 2023 of Mr R's disability. While it has said it didn't have further detail regarding this (I can see further detail was later discussed), why didn't it explore this?
- It took around two months for a response to be provided by Tesco's loss adjuster to a query raised by its contractor regarding trial hole locations when the claim was first initiated.
- Tesco had referenced issues establishing ownership of the drains, but I haven't seen evidence that shows this was the case.
- In March 2023, Ms E and Mr R had raised concerns about the foul sewer. This appears to be responsibility of the water company. However, I can't see Tesco contacted them until May 2023.
- In July 2023, the contractor provided their quote for replacing the drainage system. Tesco's case notes acknowledge a separate quote would be required from at least September 2023. But I can see this didn't happen until December 2023 – and a quote and report weren't completed until January 2024.
- Tesco said this wasn't arranged prior due to needing the final monitoring readings, however it hasn't provided any further detail as to why this was needed - so I'm not persuaded by this. And in any event, when the final monitoring data was provided it still took around a month for arrangements to be made.
- Having reviewed matters, I can understand why Tesco's actions would cause serious concern, stress and worry to Ms E and Mr R. There have also been times, as I've set out above, where areas of the claim have been delayed or could've been progressed more proactively.
- So, while Tesco have offered compensation to Ms E and Mr R, I don't think this reflects the significant concern and inconvenience they've have been put to here.
- Considering what I've set out I think the compensation recommended by our investigator, of £600, is more appropriate and is in the region of what I'd direct. So therefore, I make no further award.
- I appreciate Ms E and Mr R's comments they are still experiencing similar issues with the handling of their claim. I'm aware they have raised subsequent complaints with Tesco. Should they be dissatisfied with its response, they may consider referring further complaint to our service.

So, for these reasons, I uphold this complaint.

### **Putting things right**

To put things right Tesco should pay Ms E and Mr R £600 compensation.

### **My final decision**

My final decision is that I uphold Ms E and Mr R's complaint.

To put things right I direct Tesco Underwriting Limited to do as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms E and Mr R to accept or reject my decision before 19 December 2024.

Michael Baronti  
**Ombudsman**