

## **complaint**

Mr and Mrs E complain that Elite Insurance Company Limited (Elite) hasn't handled a claim they made on their home insurance well, and also won't pay them the full value of their claim.

## **background**

I issued a provisional decision on this complaint in July. A copy is attached and forms part of this decision. In summary, I said that Elite had acted reasonably when dealing with some parts of Mr and Mrs E's claim, but not others. In particular I said it should

- Cover the current cost of replacing the damaged furniture if Mr and Mrs E can provide evidence of the amount they paid when they bought it.
- Show Mr and Mrs E that a) the asbestos was removed in a way that complies with current regulations and b) the contractors were registered to undertake the work. If either a) or b) can't be shown then Elite must pay for an independent survey to check there's no risk of contamination going forward.
- Pay £50 towards the cost of cleaning the driveway.
- Pay £300 compensation for the way it's handled the claim (if not already paid).
- Pay for additional accommodation and some extra interest.

I invited both parties to respond to this provisional decision, and they have.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Elite says it will comply with the requirements set out in the provisional decision.

Mr and Mrs E made a series of comments, and I'll deal with these in turn.

### *accommodation, food cost and sundry other items*

Mr and Mrs E say they agree with my provisional decision but want interest added to the full settlement as they haven't had and money towards the cost of work needed and they paid their contractor the difference in price between him doing the work and the amount Elite offered, and have paid extra towards some replacement items.

This part of my provisional decision was only about accommodation, food costs and sundries, like dry cleaning. I added – and Elite has agreed to pay – some interest on this as the money had come from Mr and Mrs E's own funds. I'll deal with the amount paid to the contractor in the next section.

### *repairs*

Elite agreed to consider an extra payment if Mr and Mrs E could show them that some repairs – which it hadn't thought necessary – were. Mr and Mrs E said Elite can contact their contractor if it wants to get this evidence – but only if it then pays the full cost of his work, which includes the additional work and paying the difference between Elite's costs and the ones they paid.

I'm not going to order Elite to do that. I explained in my provisional decision why I thought Elite's offer for the repairs was fair. I haven't seen anything that persuades me to change my mind on this point. I'd urge Mr and Mrs E to get the relevant photos (or any other evidence their contractor might have) to Elite if they want Elite to consider increasing the offer. And I think it's reasonable Mr and Mrs E get that information, as they are asking Elite to do things not recommended by its professional advisers.

#### *the kitchen units*

I appreciate Mr and Mrs E were told the new units might never match – but Elite said it could make them match. As I said in my provisional decision, Mr and Mrs E didn't give Elite an opportunity to do that, so I'm not persuaded to change my provisional decision on this point.

Mr and Mrs E also said in their response to my provisional decision that the ongoing damp was another reason for replacing the entire kitchen. That's the first time they've made this specific comment – previously they said they replaced the kitchen because they wanted matching units. And although I agree they've sent a photo of a damp reading, they've also said it was taken *after* they removed the kitchen units. And I can see that they'd had a quote from the contractor who replaced the kitchen, which is dated a little while before the reading was taken.

Overall, it looks to me as though Mr and Mrs E decided that they wanted a new kitchen. And I understand that – many customers decide to replace a kitchen that could simply be repaired, as it's an opportunity to update things whilst the general upheaval of the repairs from the water damage is going on. That doesn't mean Elite should pay for the extra work, as its responsibility is to put Mr and Mrs E in the position they were in before the damage occurred. I've seen no evidence that the units were damaged – other than the parts Elite had already offered to pay for.

It seems to me Mr and Mrs E they went ahead with replacing their kitchen without Elite's agreement to include it in the claim. And they were told by Elite that if they carried out work using their own contractor Elite might not pay any increased costs. I'm not going to ask Elite to pay for any work over and above the items it included in its scope of works.

#### *replacement furniture/dishwasher*

Mr and Mrs E sent us some figures for replacing their sofas. They are for significantly more than the figure Mr and Mrs E initially said they could replace the sofas for. There's no detail on the size of sofas etc – just that they are 2 or 3 seater from a particular range, that Mr and Mrs E say are closest in quality to their damaged sofas.

We shared this information with Elite, so it had an opportunity to see if the sofas could, possibly be replaced more economically. It doesn't want to increase its offer. As I said in my provisional decision, I don't think it fair to penalise Mr and Mrs E for quoting the old costs of the furniture initially, so I'm going to order Elite to pay the increased amount – that's the difference between the original amount and the new figures. It comes to £6,544 for the four sofas Mr and Mrs E included in their claim.

As for the dishwasher, I haven't seen any new information about this, so I see no reason to change my provisional decision on this point.

*drying out and the driveway*

Mr and Mrs E haven't provided any new evidence on these points. So I'm not going to comment further on them, and see no reason to change my provisional decision on these points.

*the asbestos removal*

Elite says it will show the asbestos was removed safely – or pay for an independent survey to show there's no ongoing risk. Mr and Mrs E point out that checking that there's no remaining issue with asbestos is unlikely to reveal an ongoing problem. And I agree with that. But this suggestion was a final resort intended to put Mr and Mrs E's minds at rest if – and only if – Elite can't produce evidence that the work was carried out by a registered company in accordance with current regulations. I don't think it appropriate for me to ask Elite to do more than I have. Mr and Mrs E remain free to take the issue up with the relevant health and safety organisation if they don't get the reassurance they want from Elite.

*compensation*

Mr and Mrs E don't think £300 reflects the trouble and inconvenience they've suffered over the last year – nor will it make Elite think about how it deals with claims. Compensation awarded by this service isn't meant to penalise businesses for the way they've behaved. I haven't seen any new evidence that persuades me I should increase the compensation.

**my final decision**

My decision is that I uphold this complaint in part. I order Elite Insurance Company Limited to:

- Pay £6,544, the difference between the amount already paid for the damaged sofas and the current cost.
- Show Mr and Mrs E that a) the asbestos was removed in a way that complies with current regulations and b) the contractors were registered to undertake the work. If either a) or b) can't be shown then Elite must pay for an independent survey to check there's no risk of contamination going forward.
- Pay £50 towards the cost of cleaning the driveway.
- Pay £300 compensation for the way it's handled the claim (if not already paid).
- Pay the accommodation costs of £4,000 plus interest<sup>1</sup> at 8% simple from the date Mr and Mrs E paid for the accommodation to the date of refund (if not already paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs E to accept or reject my decision before 12 November 2018.

Sue Peters  
**ombudsman**

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<sup>1</sup> HMRC requires Elite to deduct tax from this amount before it's paid to Mr and Mrs E. Elite must give Mr and Mrs E a certificate showing how much tax has been deducted if they ask for one.

Copy of provisional decision July 2018

## **complaint**

Mr and Mrs E complain that Elite Insurance Company Limited (Elite) hasn't handled a claim they made on their home insurance well, and also won't pay them the full value of their claim.

## **background**

Mr and Mrs E suffered a flood in their home in July 2017. Elite accepted their claim. It took until late December before Mr and Mrs E and their family could return to their home. Mr and Mrs E says Elite's contractors were unreliable and didn't complete the drying work properly the first time round – nor have they satisfied Mr and Mrs E that they removed asbestos found in the house in line with health and safety regulations.

Mr and Mrs E say they've had to use their own contractor to repair their home but Elite won't refund the full cost – nor will it pay the full cost of replacing damaged furniture. Our adjudicator thought Elite could have done more to help Mr and Mrs E. She thought it should pay some additional alternate accommodation costs, for some dry cleaning and food costs and £300 of compensation. She didn't think Elite needed to pay more towards repairs or replacing items that turned out to be more expensive than Mr and Mrs E originally thought.

Elite agreed with this, but Mr and Mrs E don't. They want Elite to pay for the replacement kitchen they had installed, for work they think was missed off the original work schedule, the more expensive furniture and other sundry items. They think the compensation should increase to £2,000.

I've been asked to decide this complaint.

## **my provisional findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

There are several parts to this complaint and I'll deal with them separately.

### *accommodation, food costs and other sundry items*

Our adjudicator said Elite should pay for alternate accommodation costs up to the point where Mr and Mrs E and their son could move back into the house. She also suggested Elite add interest to this amount to compensate Mr and Mrs E for the strain paying for this put on their finances. Elite has agreed to pay the costs which are £4,000. For the sake of clarity it should also pay the recommended interest, at 8% from the date Mr and Mrs E paid for the extra rent to the date of refund.

Elite's also said it will pay for food costs and some dry cleaning if Mr and Mrs E send receipts. I understand they've done that.

This seems to me to be a reasonable way to deal with this part of the complaint.

*repairs*

Mr and Mrs E say the schedule of works produced by Elite's surveyor didn't include everything they thought needed doing. In particular they thought some door frames should have been replaced and some kitchen units replaced because otherwise the parts that were repaired wouldn't match the original units.

*the door frames*

Elite's surveyor says he included everything that needed repair. Although I understand why Mr and Mrs E would say that if woodwork in the same area needed replacing then so would the frames, I don't think that's always the case. So I've looked for some other evidence to support what Mr and Mrs E say.

I can see in one of the emails Elite sent that it asked Mr and Mrs E to take photos when they decided to use their own contractor to do the work. It doesn't appear that Mr and Mrs E or their contractor either took photos or kept any damaged frames to show they needed replacement rather than repair. Without some more evidence to show why the frames needed replacement I'm not intending to ask Elite to pay more for this work.

*the kitchen units*

The schedule of works from Elite listed two cabinets that needed replacing, plus some kickboards/plinths. Mr and Mrs E said this wouldn't go far enough as the repairs wouldn't match the old kitchen. But Elite had assured Mr and Mrs E that this could be done. If that had proved impossible I'd expect Elite to re-consider its offer. Mr and Mrs E decided to go ahead with replacing all the units. I think that was their choice, and I'm not intending to ask Elite to pay for extra units/fitting.

Mr and Mrs E are also unhappy that the comparable work they've had done cost more than Elite says it will pay. That's not unusual as insurance companies can often negotiate discounts not available to members of the public. Elite did warn Mr and Mrs E that they might not be reimbursed for the full cost of repairs if they used their own contractor. Mr and Mrs E say they didn't trust Elite's contractor to do a good job. But I can't see that they raised that with Elite at the time – nor that they shared the potential higher costs with Elite before they started the work.

The policy Mr and Mrs E have says Elite must return the house to the state it was in before the flood. It can choose to repair damage, and it's allowed to either appoint contractors to do that, or pay as a cash settlement what it would have cost them to do the work, if Mr and Mrs E used their own contractor. That's what it's offered to do, and that seems fair to me. I'm not intending to ask Elite to pay more than it has.

*replacement furniture/dishwasher*

Mr and Mrs E's policy says Elite will replace old items of furniture with new where it can't be repaired.

Mr and Mrs E gave Elite a list of furniture to be replaced, with costs. Elite has paid the amounts suggested by Mr and Mrs E. Mr and Mrs E say they've now discovered they can't

buy similar furniture for the prices they gave. Elite says it will reconsider this amount if Mr and Mrs E can provide some evidence of the purchase price. Mr and Mrs E say the cost they provided was based on the original price.

The issue seems to be that Elite doesn't want to pay the replacement costs Mr and Mrs E have now identified. But I don't think they should be penalised for basing their original figure on what they'd paid ten years ago – that's an easy oversight in the midst of dealing with an insurance claim. I wouldn't expect Mr and Mrs E to have receipts for furniture bought ten years ago, but Mr and Mrs E did say they got the figures from their own records. That suggests they have some information that supports the costs they've listed, even if it's simply a bank statement.

If Mr and Mrs E can provide some more evidence of what they paid ten years ago, I currently think Elite should reconsider the amount it pays to replace the items. I understand Mr and Mrs E have provided details of the new furniture they want – and as they've kept one old item it should be easy for Elite to check the quality matches, if it thinks that's necessary.

The dishwasher wasn't on the list of contents Mr and Mrs E put costs on, although other white goods were. And the photo they've sent in doesn't show it was damaged. Mr and Mrs E will need to send me some more evidence that they raised this with Elite – perhaps a copy of an email – if I am to ask Elite to pay for this and the cost of installation.

#### *asbestos removal*

I understand why Mr and Mrs E would be concerned that asbestos was removed from their home in a safe manner. I'd expect Elite to be able to show that the contractors they used were registered to undertake this work and what procedures they followed. That's because it's when asbestos is disturbed – in this case by removal – that asbestos fibres can be released. If Elite can't do that, then Elite should pay for a new survey from an independent surveyor to check that there's no risk of contamination (from this work) going forwards. Elite should identify some surveyors – Mr and Mrs E can then pick one and all parties should agree to abide by any findings. If there's additional work to be done Elite should pay for this.

#### *drying out*

I can see that there's some disagreement about when drying started in the house and when it was completed. But essentially it took from late July/early August until about November. Properties can take a long time to dry, so I'm looking at whether Elite delayed this unnecessarily. I understand why Elite said the garage would dry by itself – that seems to me to be a reasonable assumption, and it wouldn't have to be completely dry to be usable. And Elite did provide extra dryers a couple of weeks later – whether that was as a goodwill gesture or not. So I don't think the property would have been fully dry more than two weeks earlier than it was.

#### *cleaning the driveway*

Mr and Mrs E's policy doesn't cover damage from flooding to outside patios etc. But I don't think Mr and Mrs E's drive was left with stains because of the flood – it's because of the skips the contractors bought in. I think it reasonable for Elite to pay to clean that up. I can see Mr and Mrs E paid £200 to have both front and back patios cleaned – so I'm proposing Elite pays £50 towards cleaning the drive.

*compensation*

I appreciate that Mr and Mrs E have been inconvenienced by the process of claiming on their insurance and having their home damaged and repaired. That's unfortunately inevitable, as suffering such a loss is very stressful in itself. I'd only ask Elite to compensate Mr and Mrs E for any additional stress its actions have caused. I can't see that it delayed progress significantly apart from the drying time – an extra two or three weeks. I currently think £300 is a fair amount of compensation for this.

For clarity, I'm intending to ask Elite to do the following, on top of the amounts it's already agreed and/or paid:

- Cover the current cost of replacing the damaged furniture if Mr and Mrs E can provide evidence of the amount they paid when they bought it.
- Show Mr and Mrs E that a) the asbestos was removed in a way that complies with current regulations and b) the contractors were registered to undertake the work. If either a) or b) can't be shown then Elite must pay for an independent survey to check there's no risk of contamination going forward.
- Pay £50 towards the cost of cleaning the driveway.
- Pay £300 compensation for the way it's handled the claim (if not already paid).

**my provisional decision**

I'll look at any new evidence either party wants to provide by the due date. I'm currently intending to uphold this complaint in part and ask Elite to deal with the remaining issues on the claim as outlined above.

Sue Peters  
**ombudsman**