

complaint

Mr C complains about UK Insurance Limited's (UKI) handling of his claim for an escape of water on his contents insurance policy. He also complains about UKI's offer to settle his claim and the policy excess that it applied.

background

Mr C suffered an escape of water from a neighbouring property and his carpet was ruined. UKI offered to replace the carpet from one of its own suppliers but Mr C wanted to use his local carpet shop. UKI offered a cash settlement based on the cost it would incur if its own contractor was used (£718.03) less the policy excess of £350, a total of £368.03. Mr C's carpet estimate was much more than this.

Mr C also wanted to claim for damage to his ceiling, walls and woodwork, but UKI said this wasn't covered under his policy. Mr C said he was told by UKI's staff that he had a nil excess and later that this was £350. UKI said it hadn't made a mistake about this, but apologised to Mr C for some other poor handling of his claim and offered him £50 compensation. Mr C declined the offer.

The adjudicator didn't recommend that the complaint be upheld. He said UKI had written to Mr C about the £350 excess that would apply from renewal and its offer for the carpet was in line with the terms of the policy. The adjudicator said there was nothing from the call recordings that he had heard to suggest that Mr C was told anything other than he had a nil voluntary excess and a £350 escape of water excess.

Mr C disagreed and referred to a further call with UKI. In this call UKI's member of staff told Mr C it had made a mistake about the excess and it shouldn't be charged. UKI subsequently agreed to waive the excess and pay Mr C a total of £100 compensation and the adjudicator thought this was reasonable. Mr C wasn't satisfied with this because of the impact the complaint had had on his health and asked for a review by an ombudsman.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Mr C has raised issues to do with his neighbour and tenant, but I'm unable to look at these and have concentrated on the things that fall within our remit.

I've looked at the terms of Mr C's policy and UKI is entitled to make a cash settlement of a claim at the amount it would cost it to replace or repair Mr C's carpet through its preferred suppliers. This is set out within the policy document and UKI has acted accordingly.

It is also clear that Mr C's policy had a £350 escape of water excess. This is set out within his renewal document in June 2014 and also within an 'Important Notice' sent to him to introduce the excess. The notice asks Mr C to contact UKI if he has any questions. I think that UKI has applied the correct excess to Mr C's claim.

The other damage to parts of Mr C's property would normally be covered by the building insurance. This is normally held by the property's management company where multiple dwellings are involved, and any claim for this type of damage should be made to them.

It took a long time to identify the call that showed Mr C was correct to say he'd been misled about his policy excess. Although the information given by UKI's member of staff was subsequently corrected, I can see that it added to Mr C's confusion and caused him greater disappointment. I am pleased UKI has apologised and offered to waive the £350 excess, but I think the impact on Mr C's health the misinformation caused and the delay in resolving his claim mean that he should receive £200 compensation from UKI.

my final decision

It is my final decision that the complaint is upheld. I require UK Insurance Limited to pay Mr C £200 compensation for its poor claim handling.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 3 March 2016.

Andrew Fraser
ombudsman