

complaint

Ms W complains about the settlement and handling of a leak claim by Legal & General Insurance Limited ("L&G") under her home insurance policy.

background

Ms W had home insurance with L&G. In March 2019, she made a claim when her home was damaged by a leak. L&G accepted the claim and appointed loss adjusters. Ms W and her family moved out on 13 March, with the repairs beginning on 23 July (following the removal of asbestos from the property on 10 May). Because Ms W's son had a respiratory condition, L&G had agreed to pay for the family to live in alternative accommodation pending the completion of the repairs. It also agreed to pay £20 per day as a disturbance allowance.

Ms W told L&G she was unhappy with the time it was taking to resolve the claim, but she didn't accept its offer to settle the claim in cash, because she said it was less than it would cost her to pay for the repairs to be completed by her chosen contractors. As the claim progressed, Ms W remained dissatisfied about a number of issues, complaining in September about the ongoing delays, the quality of the repairs and the handling of the claim.

She said her dog had begun to suffer from seizures, costing £245 in vet's bills. She argued a hotel wasn't a suitable environment for a large dog, and that the vet had said the seizures were caused by stress. She was unhappy because she felt the loss adjuster was rude. She said it was difficult to communicate with the tradesmen and she had to make constant phone calls to various contractors as well as chasing payment of the disturbance allowance. She spent time negotiating the replacement of the piano and the washing machine, and was often left fearing they would have no accommodation, as the bookings were done at the last minute. They sometimes had to move for a few nights and had to pack all their things, which was tiring, unsettling and time consuming.

Ms W also complained that the quality of some of the repairs was unsatisfactory and that the repairs were unfinished when she moved home in September. The kitchen skirting was fitted with a 15mm gap, meaning that the floor moved up and down when walked on. The woodwork was painted in white emulsion, using no primer or undercoat and there was peeling paint on the banister and stair architrave. The contractor had ordered and fitted the wrong vinyl for the bathroom floor, despite having been sent details of the replacement. This caused further delays as the bathroom had to be removed and reinstalled twice. The kitchen sink drainer had popped out of position and caught on the new drawer base and the living room ceiling and the stairs and bathroom walls had blistered, with unsightly lumps and uneven finish. A damaged light fitting was yet to be replaced.

When L&G failed to give Ms W a satisfactory response, she complained to this service. She said she hadn't been compensated for the time she's had to spend living in alternative accommodation, explaining she suffers from medical conditions which were worsened by the stress, anxiety, lack of rest and lack of sleep that she experienced as a result of the poor handling of the claim. After Ms W had complained, L&G accepted its service had fallen below an acceptable standard and offered to pay her £350 for the distress and inconvenience she'd suffered as a result of its failings. But Ms W didn't feel £350 took account of the full extent of the distress and inconvenience she'd suffered, including the time off work her husband had taken to meet contractors and check the work, and the time she'd spent on the phone dealing with the claim, including obtaining new written quotes for outstanding work.

Our investigator felt the complained should be upheld, recommending she should be paid an extra £300 compensation. He also said L&G should pay two weeks alternative accommodation and disturbance allowance (at £20 per day) while the outstanding work was completed, and that VAT should be added to the cash settlement.

L&G said it felt £500 compensation was appropriate. It argued it had little control over the actions of the third party suppliers, and it didn't accept it could have stopped them from delivering damaged materials, or not delivering them at all. It didn't accept it should pay VAT upfront as it's not a policy requirement, and not all contractors are VAT registered. It agreed further alternative accommodation and disturbance allowance would be due, but suggested asking Ms W to provide a written statement from her contractor as to how long the works will take.

Ms W maintains she's entitled to more compensation and because neither party are satisfied, the complaint has been passed to me to review.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint and I've reached the same conclusions as our investigator, for broadly the same reasons.

There's a degree of inevitable inconvenience that comes with this type of claim and which has nothing to do with the way the claim is handled. L&G didn't cause the leak or the damage to Ms W's home and therefore it's not responsible for all of the distress and inconvenience Ms W suffered. Because Ms W's son had respiratory issues, L&G paid for the family to live away from home while repairs were done. I understand this was stressful and inconvenient, but it was necessitated by the fact of the claim itself and not because of something L&G did or failed to do.

Ms W's explained that her dog suffered from seizures while they were living away from home, but I don't think the costs associated with her dog are something I can fairly make L&G pay for. I accept a vet said it was likely the result of the stress of living away from home, but, as I've said above, I don't think L&G is responsible for the fact they had to move out. Further, Ms W's explained that her husband had to take time off work to deal with the claim, but as he's not a party to the complaint, I can't make L&G pay him any compensation.

Ms W's explained she spent a lot of time on the phone to various contractors trying to resolve issues such as the settlement L&G had made for the washing machine and the piano. She's also described the distress and inconvenience she experienced chasing L&G for the disturbance allowance payments and moving to different accommodation at short notice.

The start of the repairs was delayed by about eight weeks because of the need to remove asbestos from the house, and the contractors having issues with the schedule of works and costs requiring additional substantiation. I don't consider that part of the delay was L&G's fault, but the work didn't start for over four months from the date Ms W made the claim, and I think that was unreasonable. Further, there were a series of issues which meant that in September, when Ms W first complained to L&G, the claim was still unresolved. Again, taking into account the nature of the claim and the repairs, I think this was unreasonable.

I understand some of the delay was due to failings by suppliers, and there was little L&G could have done to stop the suppliers from delivering incorrect or damaged parts. However, this wasn't Ms W's fault and I consider it would be wholly unfair not to compensate her for the impact of the delays in circumstances where L&G was responsible for the actions of its agents, including the choice of suppliers.

I've considered the impact the delays had on Ms W, including the length of time the family had to stay in alternative accommodation and the time she spent dealing with contractors and chasing the disturbance allowance. I've also considered the fact some of the work was unsatisfactory and remains unfinished, meaning Ms W still needs to move out while it's put right, and I'm satisfied L&G should pay a further £500 compensation, on top of what its already offered.

As far as outstanding work is concerned, L&G's paid Ms W cash for the living room and hallway to be re-plastered and for the flooring in the living room and kitchen replaced and re-painted. Ms W's said the cost (including bills) of staying in a two bedroom cottage while the work is being done is £125 per night (including VAT). L&G's agreed to pay for that and I'm satisfied that's fair.

L&G also accepts it needs to pay a disturbance allowance (£20 per day) for the period of ongoing works, but it's queried the two week period that our investigator's suggested. I understand L&G's stance, but I'm satisfied the two week estimate is based on guidance from Ms W's contractors, and in the interest of moving the claim forward and resolving the issue, I consider two weeks is fair and reasonable in all the circumstances.

If Ms W's required to pay VAT to her contractors, then of course L&G should pay it, but I agree that for various reasons, builders don't always charge VAT. I think the fairest thing would be for Ms W to present L&G with valid VAT receipts so she can be reimbursed.

my final decision

I uphold this complaint and direct Legal & General Insurance Limited to:

- pay Ms W £125 per day for 14 days for alternative accommodation. This should include a payment of 8% simple interest from the date she incurs the cost to the date is makes the payment (unless it makes the payment before Ms W incurs the cost).
- pay Ms W a disturbance allowance of £20 per day for 14 days. This should include a payment of 8% simple interest from the date she incurs the cost to the date is makes the payment (unless it makes the payment before she moves out).
- pay Ms W the money she pays her builders for VAT, upon receipt of a valid VAT receipt. This should include a payment of 8% simple interest from the date she incurs the cost to the date is makes the payment.
- pay Ms W an additional £500 compensation. The compensation is to be paid within 28 days of the date on which we tell Legal & General Insurance Limited Ms W accepts my final decision (if she does). If it pays later than this it must also pay interest* on the compensation from the date my final decision to the date of payment, at 8% a year simple.

* If HM Revenue & Customs requires Legal & General Insurance Limited to take off tax from this interest. Legal & General Insurance Limited must give Ms W a certificate showing how much tax it's taken off if she asks for one. She may then be able to reclaim the tax from the tax authorities if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 1 December 2019.

Carolyn Bonnell
ombudsman