

complaint

Mr H has complained about the settlement CIS General Insurance Limited has offered to him in relation to his claim made for damage caused to his bathroom and kitchen when he dropped a bucket of water.

background

Mr H was cleaning his bathroom when the handle on the bucket of water he was carrying broke, spilling water all over the floor. Mr H reported the incident to CIS and it inspected his property. CIS accepted the claim and said that it would cover the cost of removing and replacing the vinyl floor covering in the bathroom as well as the woodwork there. It also said it would fix and redecorate the kitchen ceiling below, which had also been damaged.

Mr H was dissatisfied with this as he had provided four quotes to CIS which detailed a lot more work in the bathroom, including replacing rotten woodwork and floor timbers. Mr H's quotes ranged from £2,000 to £4,500. CIS said it felt Mr H's quotes were overpriced and included work that was not necessary as a result of the event that had occurred. It said it would pay him £550 based on its cost and schedule of work or it would arrange to carry out the repairs it felt were necessary. Alternatively, it said that Mr H could provide it with quotes for just the insured works, although it did not specify how this would resolve its concerns about the quotes being overpriced.

Mr H remained unhappy because he felt all the work was necessary as a result of the incident and that doing anything less than this would mean the job was not done properly. Mr H said that the damage had gotten progressively worse because it had not been repaired.

I then assessed the complaint and felt it should be upheld in part as, in my view, the basis of CIS' settlement offer did not comply with the terms and conditions of Mr H's policy. I issued a provisional decision explaining this and have reproduced my findings from that decision below in italics.

my provisional findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

While I appreciate Mr H's view that all the work he has been quoted for is necessary as a result of the insurance claim, the contractors he has instructed are not insurance specialists. Therefore, while they might have identified necessary work at Mr H's home, this does not mean it is necessary as a result of the insured incident that occurred. The loss adjuster is a specialist in insurance matters and so is able to determine what work is required on the basis of the incident in question. I have seen no evidence from a similar specialist to suggest that his conclusions in this respect were wrong.

However, what works were necessary was only a part of the reason for CIS making such a restricted offer to Mr H. CIS also said it would only cost it £650 to do the work; Mr H's quotes were overpriced. Therefore, after deducting the policy excess it would pay Mr H £550. While a settlement based on what it would cost the insurer to do the work might sometimes be reasonable, an insurer must first reserve the right to do this within their policy

terms and conditions. The policy wording applicable here does not contain that option for CIS:

“We will settle other claims [where repairs are being done but not by it] by payment of the costs incurred, subject to any relevant monetary limit specified in this Section.”

CIS then does not get to make a cash settlement based on what it would cost it to do the work because it has not reserved the right to make a settlement on this basis in its policy wording. That being said, I note that CIS did offer to review further quotations provided by Mr H based upon the work that it felt was necessary at the property and it is possible that, had these been received, it might not have contested them. However, Mr H did not provide any further quotations so an opportunity for resolution of this aspect of the complaint was missed.

Unfortunately though, I think a dispute over the settlement would always have arisen because Mr H was not satisfied with the scope of repairs that CIS was prepared to do/reimburse him for doing. I am satisfied that, in respect of this aspect of the complaint, CIS acted fairly and reasonably. Therefore, while it is unfortunate that further damage may have occurred at Mr H’s home, I cannot fairly and reasonably attribute liability for this to CIS.

Because the damage has progressed, and I am minded to conclude that CIS is not responsible for this, it would not be appropriate for me to order CIS to carry out any repairs for Mr H. As such, I will be ordering CIS to pay Mr H for his cost to carry out necessary insured repairs as defined by its loss adjuster. To allow CIS to make such a payment Mr H will have to provide it with quotes for that work as those provided previously do not offer a sufficient breakdown of costs to determine an accurate price.

This service will often award interest where an insurer fails to make a claim payment that it reasonably should have done. Here though, I am satisfied that CIS asked Mr H for necessary information which he did not provide, so it would not be fair or reasonable for me to make it pay interest on any sum now found to be due to him as a result of his provision of further quotes. However, CIS could have paid Mr H the £550 previously offered and advised him that accepting this would not stop him from pursuing a complaint, but it did not. Therefore, I will make CIS pay interest to Mr H on the amount of £550 from the date of the loss until settlement of this amount is made.

CIS confirmed it had received my provisional decision and said that it would not be sending any further information for consideration. Mr H said that he would obtain up-to-date quotes as soon as possible. Mr H also provided further copies of his previously obtained quotations with a covering letter.

In the covering letter, Mr H stated that he felt I had missed some facts from the background details and that his contractor was very well qualified. Mr H said that he believed his contractor was better placed to decide about the damage because the loss adjuster had not inspected it properly and did not have the building industry certification. He also said that when he had asked CIS about the qualifications of its contractors it had refused to give him this. He said he had sent further quotations to CIS, that he wanted CIS to explain the “monetary limits” to him and that he required an eight week extension.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

up-to-date quotes

Once Mr H has obtained these, he should send copies direct to CIS for its consideration. These quotes should reflect the work CIS has agreed to do or at least provide enough of a breakdown of the respective cost of the detailed works for CIS to determine what Mr H will have to pay to repair the insured damage.

background

I had read and understood Mr H's complaint to this service and the main points of the complaint, from both sides, are detailed in my background. It is unfortunate that Mr H feels that some key points are missing but I disagree and would point out that it is not practice to include everything. The background is a summary not an extensive diary of events/facts.

qualifications and inspection of work

Mr H's contractors may well have been very well qualified in the building trade, their paperwork certainly suggests this is the case. However, this was not just a debate about what work was required to fix Mr H's property; the key question here was "what work was CIS liable for". I have seen no evidence that makes me think that Mr H's contractors are skilled or qualified in assessing insurance claims or what damage has been caused by insured events.

I do not think it would be necessary for CIS' loss adjuster to see beneath the floor covering/floor when assessing the damage at Mr H's home. CIS has not disputed that the damage is present; it has said it has not resulted from the bucket of water being dropped. Given the circumstances here, I do not believe this was an unfair or unreasonable conclusion for it to have made, even with a limited site-investigation.

CIS does not have to provide details of its contractors. I appreciate that Mr H may want to compare which he feels is better to do the work but, if CIS' contractor does the work, it is liable for its proper completion, not Mr H. As such, it is not unfair or unreasonable for CIS to refuse to provide this information to Mr H.

further quotations

I have noted Mr H's comments but would point out that I said even if further quotations had been received, I believed this complaint would still have been made. I remain satisfied that the appropriate, fair and reasonable way forward for this complaint is for new quotes to be obtained and I note that Mr H is in the process of doing this, as mentioned above.

"monetary limits"

This is a reference to a quote from the policy wording that I have made in my provisional findings detailed above. I can confirm that various monetary limits apply to most household insurance policies but what they refer to and their extent will differ between policies and providers. I would ask that CIS contacts Mr H to discuss the provisions of his policy further.

extension

In response to my provisional decision Mr H asked to be given longer to reply and I, via our adjudicator, explained that this would not be appropriate here. However, I note Mr H asked for this again in his covering letter and I am prepared to extend the acceptance deadline for my final decision; I have amended the standard twenty-eight day deadline accordingly. If Mr H wishes to accept my final decision, he will need to communicate this to this service within the deadline stated at the start of this final decision document.

my final decision

My final decision is that CIS General Insurance Limited must settle Mr H's claim in line with his costs for repair of the insured damage identified by its loss adjuster. To enable CIS General Insurance Limited to do this Mr H will have to provide it with appropriate quotations. In the meantime CIS General Insurance Limited will need to pay the £550 previously offered to Mr H, along with interest. Interest will be at a rate of 8% simple per annum (less tax if properly deductible) and to be applied from the date of loss until the date of settlement of this amount is made.

Fiona Robinson
ombudsman