

complaint

Mr P has complained about his property insurer Fairmead Insurance Limited in relation to a claim he made after his home was damaged by a fire which occurred nearby. Mr P has also complained about a loss assessing company he appointed to assist him with the claim – that complaint is being considered separately. The complaint that's the subject of this decision is against Fairmead as the property insurer.

background

A fire occurred in a neighbouring property to Mr P's residence in November 2017. The roof of his home was burnt with much of the rest of the property suffering residual damage. Mr P called Fairmead and was told he'd receive contact from a loss adjuster. Mr P has said he received a lot of calls in the aftermath of the fire but didn't believe Fairmead's loss adjuster had made contact. Three days later, feeling let down and unsure of what to do, he responded to an approach made to him by a loss assessor and appointed the loss assessor to act on his behalf.

Mr P initially stayed in a hotel. Fairmead agreed he could stay in a let property. However, when some initial properties were found by Mr P, the rental agreement wasn't secured in time and the properties were let to someone else. It was 20 February 2018 before Mr P moved into a let property.

In the meantime the loss assessor for Mr P and the loss adjuster for Fairmead had been negotiating the claim. Temporary roof repairs were agreed by Fairmead in December 2017. In January 2018, Mr P had advised that contractors, working on the roofs of his neighbours' properties also damaged in the fire, would be able to reinstate his roof too. Fairmead was initially reluctant to agree this but then revised its position. The loss assessor was told that Fairmead would appoint these contractors to complete the work or it would pay Mr P cash so he could appoint contractors himself.

Ultimately the claim was settled in cash, based on a schedule drawn up by Fairmead's appointed surveyor, with contractors put forward by the loss assessor completing the roof reinstatement work, and Fairmead paying for that upon completion. The roof work was drawing to a close around September 2018 but Mr P wasn't happy with what had been done, or how long it had taken. Fairmead agreed to come out and assess the work. This occurred in October 2018. It accepted that structural work to a purlin in the loft had been missed from its schedule but it was satisfied it was reasonable to pay for the work that had been done.

Mr P wasn't satisfied and, via a surveyor, he drew up a schedule of outstanding work he felt was needed to reinstate his property. He said some work was necessary due to the fire, with some having become necessary due to ineffective temporary repairs, plus delays both with the temporary and permanent repairs. Fairmead reviewed his scope, which totalled £31,495.81 excluding VAT and agreed that it had liability for some of the work detailed, totalling £16,560.40.

The work Fairmead denied liability for included stripping the roof and replacing valley gutters, which Mr P said hadn't been replaced on a like-for-like basis, and decorating some rooms. Fairmead also said it had no liability for replacing carpets as Mr P had a buildings only policy (carpets being a contents item). Regarding Mr P's request for a replacement boiler, Fairmead said there was no evidence this was damaged due to the fire, and if it had suffered due to the property being empty, the loss assessor should have taken action to protect it. But it accepted it hadn't always provided a good service to Mr P and offered £250 compensation.

Fairmead paid £16,560.40 to Mr P. He used this to keep funding his alternative accommodation and didn't resume the reinstatement of the property. When he complained to us, he asked for Fairmead to pay at least half, if not all, of the outstanding repair costs (including VAT and an uplift to account for increased costs), and to reimburse his surveyor's fee and alternative accommodation costs.

Our investigator felt Fairmead should reimburse some additional council tax costs and pay some further compensation. But he wasn't minded to find Fairmead was liable for other costs claimed by Mr P.

Mr P was unhappy. His complaint was passed to me to review. I felt Fairmead had failed Mr P – but not to the extent or full value of the costs Mr P said it had and asked for. In reply to my provisional findings; Fairmead said it accepted my decision, Mr P made a number of points. I've summarised Mr P's points here, he didn't provide any further evidence to support his position:

- In the early stages of the claim he did not receive call backs as promised by Fairmead, this caused him to appoint the loss assessor.
- Fairmead, via its loss adjuster did refuse to appoint the roofing contractor which had been working on other nearby properties – if it hadn't his home would have been watertight by March 2018.
- He wasn't offered cash to appoint his own roofing contractor.
- It was absurd to suggest he should have used the settlement paid by Fairmead in February 2019 to do work – he'd then have lost the evidence of the poor work to the roof.
- His evidence already provided is sufficient to show Fairmead should pay for this work, and if it's felt this is not the case, I should appoint an expert to consider the report.
- Repairing and/or replacing carpeting, loose floorboards, the boiler and cork tiles should all be paid for by Fairmead.
- Fairmead should pay all his accommodation costs incurred since December 2018.
- His bank may charge him for proof of the payment he made for his surveyor's report.
- The issues surrounding this claim have had a massive impact on him, including the loss of his job.

my findings

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

I said provisionally:

outstanding reinstatement work

I think Fairmead is liable for some of the further work Mr P has asked for payment for. I've broken this down by category below, and I've then made some comments on Mr P's requests for uplifted/updated costs and VAT to be paid by Fairmead.

Carpets – Mr P has asked for replacement carpets. I'm not going to require Fairmead to cover these costs. This was a buildings only policy so Fairmead was never liable for content items. As such it isn't clear if the carpets were damaged beyond repair by the fire or not – but I think it's fairly likely they would have been and I've not seen any expert evidence from immediately after the loss which shows they would likely have cleaned. So if they were also

damaged due to delay and/or poor work, that didn't change the position Mr P was in following the fire – needing to replace the fire damaged carpets.

Floorboards – Mr P has asked for costs associated with re-fixing floorboards in several rooms. He says they've loosened due to damp. I'm not persuaded this is the case, and I haven't seen any evidence of that. I see Mr P has owned the house a long time and loose floorboards are a common issue in many older homes. I'm not satisfied I can say Fairmead is reasonably liable for this damage, so I'm not going to make it pay for resolving it.

External roof repairs – I've not seen that Fairmead authorised valley gutters to be replaced, although I accept it had agreed to consider these. And whilst it clearly set out what work it had liability for and then paid for this work direct to the contractor, I haven't seen that it had any control over that work, or the contractor. So it seems to me that was just a payment arrangement, rather than it assuming liability for the work completed. On that basis I'm not persuaded Fairmead has any liability for stripping the roof, replacing the valley gutters and reinstating the roof.

Fairmead has agreed to cover the cost of cleaning and treating the internal roof timbers and external fascias. Mr P says in order to do this, the roof needs to be stripped. I've not seen any expert evidence which says this is likely required for that work to be done.

Regarding the fascia work, Fairmead hasn't allowed any costs for scaffolding or for removing the guttering and fascias to allow that work to be done, or for reinstating the fascias. I don't think the work could be done in situ from a ladder. Mr P's total expected costs for all of this work is £1,372.80. I don't think Fairmead should pay this whole sum as the scaffolding will be used for the re-roofing work as well as the fascia reinstatement, and there's a minor cost associated with disposing of the old gutter. I intend to require Fairmead to pay £1,000, which I think is a fair sum.

Kitchen – Mr P feels his kitchen needs redecorating. I haven't seen anything that makes me think Fairmead is liable for this. The report completed by its loss adjuster just after the fire didn't note any damage to the kitchen. If it became damaged due to the property being empty for an extended period, I'm not persuaded that was Fairmead's fault either. I don't intend to make Fairmead pay anything to Mr P in respect of repairs to the kitchen.

Hall/stairs/landing (h/s/l) and bedroom 3 – Mr P wants £1,017.86 for redecorating the h/s/l and £837.10 for redecorating bedroom 3 (not including sums for the carpet and floorboards). Fairmead says these rooms weren't damaged by the fire. I've considered Fairmead's loss adjuster's report from November 2017. This says:

"Internally, there is some water damage from extinguishment however this is predominantly to decorative finishes. Redecoration and localised plaster repair will be required to the 3 bedrooms, bathroom, stairs and landing. Downstairs the open plan living/dining room will require redecoration."

Fairmead has later said that whilst its loss adjuster included all these items in its report, the adjuster wasn't convinced that work was really necessary, or all of it anyway, on account of the fire. The loss adjuster said the property was dilapidated but in case there was felt to be some liability the above rooms were listed so settlement could be negotiated. I'm not convinced by this explanation given so long after the fact. Not when the report makes no reference to this reasoning or gives any hint of any limitations that might need to be considered later once settlement is being reviewed. I'm going to require Fairmead to settle Mr P's costs for reinstating the h/s/l and bedroom 3 – £1,854.96.

Bathroom – Mr P wants £197.80 for removing and re-fixing loose cork tiles, cleaning cork tiles and reinstating a wooden shelf. Fairmead said there was no fire damage to these items. I understand Fairmead's view regarding the loose tiles – I've not seen these were loose due to the fire. But it was accepted that, due to the fire, the bathroom, including woodwork like skirting, needed redecorating. I think it stands to reason the cork tiles would need cleaning to resolve smoke residue and the shelf would need reinstating. I intend to make Fairmead pay Mr P £121.80, being the total asked for this work.

Boiler – Mr P says it needs replacing. Fairmead says it isn't liable for this. I haven't seen any expert report on the boiler to show why it needs replacing. It was situated in a cupboard remote from the fire and seemingly protected somewhat from the worst of the smoke and soot. If it was damaged because the property was empty for a time; I'm not persuaded Fairmead is liable for the temporary repairs that were effected in late 2017 or in respect of the property's reinstatement being delayed during 2018. I'm not going to say Fairmead should make a payment to Mr P for replacing the boiler.

Uplift on costs and VAT – My findings above show that Fairmead, in my view, unfairly refused to pay some costs. In line with our usual approach I'm going to require Fairmead to pay interest on the sums I've awarded from 25 February 2019, the date the larger settlement was paid, until settlement of my award is made. This accounts for any increase in the cost of that work. But I'm not going to make Fairmead pay an uplift on the settlement amount it paid – Mr P chose not to complete that work, so if it will now cost him more to do so that is not Fairmead's fault.*

In respect of VAT this service doesn't usually require an insurer to pay this until it's incurred by its policyholder. I see no reason to make Fairmead pay this upfront here. But it will have to make an additional payment in respect of VAT once Mr P does the work and shows it VAT has been incurred. And that applies to all of the work Fairmead is liable for; that which it accepted and settled for, as well as that I've now said it should pay for.

Alternative accommodation costs

Fairmead has paid for rent through to December 2018. It says it won't pay any more because by this time the works were held up because of a dispute that had arisen between Mr P and the loss assessor regarding the roof repairs. Whilst I understand that, Fairmead did agree that there was some further work for it to pay for – for example it hadn't spotted during its assessment of damage that a roof purlin needed some structural support. This and other items caused Fairmead to pay Mr P £16,560.40 on 25 February 2019. So Mr P couldn't reasonably have had the further work done before then, regardless of any dispute with the loss assessor. By February 2019 Mr P was no longer using the loss assessor and I think it's fair to say that once he had the money it would likely have been four weeks before that work could have begun. I think it's fair to say it would have taken around four weeks for the home to then be made habitable – as far as the work Fairmead was liable for was concerned.

So I'm going to require Fairmead to reimburse Mr P's accommodation costs; rent and any duplicated costs such as for council tax and utilities, from the date its last payment covered until (for rent this was December 2018, but it's unclear when other costs were paid until) until 25 April 2019. For any costs incurred before 25 February 2019, Fairmead will have to apply interest to each sum from the date it was incurred until reimbursement is made. Fairmead then paid Mr P for building work and he used this to fund his accommodation – so I won't make Fairmead pay interest beyond this date.*

As I said, Mr P didn't use the money Fairmead paid him to do repairs as he felt it wasn't enough. So he used the money to fund his alternative accommodation whilst pursuing his complaints made in an attempt to obtain further settlement sums. I appreciate it was a difficult position for Mr P to be in. But the sum Fairmead paid was substantial and would have been sufficient to complete all the roof work with plenty left over to use to make the property habitable. The complaints about liability for outstanding costs could then have been debated without the need for alternative accommodation to be paid for. So I'm not going to require Fairmead to pay Mr P's accommodation costs beyond 25 April 2019.

Surveyor's costs

Following Mr P raising concerns about the work in October 2019 he had a surveyor report on what was outstanding. He says this cost £242. I haven't seen proof of this cost. Fairmead's further settlement paid in February 2019 was based on the scope drawn up by Mr P's surveyor. I think Fairmead should fairly reimburse Mr P's outlay, once proof of it is shown, plus interest from the date Mr P incurred the cost until settlement is made.*

Delay and compensation

I think this has been a stressful time for Mr P. I'm not persuaded that Fairmead failed Mr P in the initial stages of the claim though – I think it called him as promised and was clear with him about its role. If Mr P was then unclear such that this caused him to appoint a loss assessor, I can't reasonably blame Fairmead for that decision.

Fairmead was entitled to consider its liability. And I'm satisfied that it acted appropriately in the meantime; agreeing to consider costs for temporary protection work to the roof, whilst reminding the loss assessor that protection work was needed with or without its consent. Once Fairmead accepted the claim it told the loss assessor the same day and approved the costs the loss assessor had put forward for temporary works. I couldn't reasonably expect Fairmead to have done more than that.

Fairmead also told the loss assessor that it was happy to appoint the roof contractor working on the neighbouring properties, or pay Mr P cash. I'm not persuaded that Fairmead acted unfairly in regard to arranging or authorising this key work.

In October 2018 Fairmead did pay for the work even though Mr P had said he had concerns about it. Whilst it's clear that further payment was due from Fairmead, Fairmead's surveyor wasn't persuaded that there were grounds for it to withhold payment from the contractor. I can understand Fairmead's position on this. But I also see why Mr P felt frustrated and let down. Especially given that some of the work found necessary at that stage should've been spotted by Fairmead earlier on in the claim and been included in the initial repair scopes.

I know Mr P feels Fairmead is responsible for the first two let properties he found not being secured for him. I'm not persuaded this is the case. I can see that Fairmead was still considering liability when the first property was found, and it initially wasn't minded to agree the second one as it wasn't comparable to Mr P's home. It changed its mind in that respect but by then the property had been let to someone else. Fairmead though accepts it should have found a property for Mr P sooner, and I agree he was left to stay in a hotel for longer than he should have been.

I note the loss assessor was in control of the repairs. But I see that Fairmead's loss adjuster didn't always respond in a timely manner, which likely didn't help the progress of the claim. And whilst Fairmead required the input of a surveyor, one wasn't appointed until March 2018. I've seen no good reason for this delay.

Having reviewed everything I think total compensation of £500 is fairly and reasonably due. I understand Fairmead offered £250 in its final response issued in August 2018 but it's not clear if think this was paid to Mr P. I intend, therefore, to make it pay a total of £500 compensation – but if any part of this has been paid already, it won't have to be paid again.”

I understand that this is a very difficult position for Mr P to be in. However, and whilst, I've considered his points made in reply to my provisional findings, I don't think he's said anything really new, and he hasn't provided any further evidence to support his position. So whilst in my background above, I've noted his points made in reply, I'm not going to provide further comment on the issues which I've already set out my view on, as copied in my provisional findings above.

I understand that Mr P thinks he couldn't have repaired his roof. But I disagree. This was a tricky position for him to navigate through, and I understand he felt the damage to the roof was significant and it would be a significant cost to repair – but remaining in alternative accommodation presented a significant cost too. And Mr P had a report on the roof damage completed in December 2018, and this is the report he is still seeking to rely on at this time. So he had gathered evidence regarding the state of the roof. And whilst spending the funds Fairmead had paid for the internal repairs on the roof instead would have left Mr P with no or little funds to complete the rest of the work – his loss would have been capped at that point. Fairmead made errors in this claim, but I remain of the view it isn't responsible for Mr P's costs incurred in respect of living elsewhere after the end of April 2019.

I'm satisfied that, if Mr P shows Fairmead he paid £242 to his surveyor for completing the report, Fairmead should reimburse him this cost, plus interest*. I think it would be unlikely for Mr P's bank to charge him for providing this information and, in any event, Mr P should be able to get proof from his surveyor. That said, if the surveyor won't assist and Mr P can show Fairmead that in obtaining the proof from his bank, he's been charged, I'd expect Fairmead to reimburse him this sum.

I'm sorry Mr P lost his job. But I haven't seen this was on account of Fairmead's failures during the claim.

my final decision

I uphold this complaint. I require Fairmead Insurance Limited to pay Mr P:

- £1,000 for external roof repairs.
- £1,854.96 for reinstatement of the h/s/l and bedroom 3.
- £121.80 to clean the cork tiles and reinstate a shelf in the bathroom.
- An amount equivalent to interest* on the total of the above three amounts, applied from the 25 February 2019 until settlement is made.
- An amount equivalent to VAT for the work subject of the February 2019 settlement, along with that I've awarded here, subject to proof from Mr P that he is due to pay VAT in respect of that work.
- An amount to reimburse Mr P's outlay for rent and any duplicated costs incurred as a result of living in alternative accommodation from the date any previous payments were made until, up to 25 April 2019.
- An amount equivalent to interest* on any of those accommodation costs incurred before 25 February 2019, applied from the date they were incurred and until settlement is made.
- The cost he incurred for appointing a surveyor, subject to proof of that cost being shown, plus interest* from the date the cost was incurred until settlement is made. And if it's necessary for Mr P to obtain this from the bank and he shows that he's incurred a charge for doing so, reimburse the bank charge.
- A total of £500 compensation (if any part has been paid, only that outstanding will now need to be paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 23 July 2021.

Fiona Robinson
ombudsman

*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. If Fairmead Insurance Limited considers that it's required by HM Revenue & Customs to take off income tax from any interest due to Mr P, it should tell him how much it's taken off. It should also give Mr P a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.