

The complaint

Mr N and Miss N complain about how much esure Insurance Limited offered them for a claim they made on their home insurance policy.

esure Insurance Limited, as the underwriter of the insurance contract, is responsible for this complaint.

What happened

The details of the claim are well known to both parties, so I won't repeat them again here. Instead, I'll summarise the background and focus on the reasons for my decision.

On 14 July 2022, Mr N and Miss N noticed a blocked drain on the pathway. They called a local engineer who discovered a collapsed drain under their path. He returned the next day to replace the broken drain and carry out repairs.

On 18 July, Mr N and Miss N made a claim on their home insurance policy. esure agreed to pay the claim.

Mr N and Miss N had already had the repair carried out by their own contractor, so they wanted the claim to be cash settled. The invoice shared with our service shows the work cost £1,860 (including VAT) for the repairs.

esure instructed a surveying agent to review the damage. Following this, they sent esure a report which explained the cost to esure for the repair would have been £735.26 including VAT. As a result, esure offered Mr N and Miss N £360.26 which was the costed schedule of works less their £375 policy excess.

Miss N wasn't happy with the amount offered and complained to esure. It didn't uphold the complaint as it was satisfied its surveying agent had confirmed its limit of liability for the claim related damage.

Mr N and Miss N brought their complaint to this service for an independent review. They explained they had this fixed on a weekend as they had no toilet and bathroom.

Our investigator thought esure's offer was fair. They explained esure was able to make use of builders' rates which may be below the market price.

Miss N disagreed. She said the process has felt one sided with esure being unresponsive whilst she's been out of pocket. The toilet was their only one and so a company needed to attend urgently to fix it. She feels insurance companies get away with the cheapest possible amount as they can get a company to do the repairs for a lower figure due to the amount of work the insurer sends to them.

This matter has now been passed to me for a decision.

What I've decided – and why

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

I recognise I've summarised this complaint in far less detail than the parties and I've done so using my own words. I'm not going to respond to every single point made by the parties involved. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this and it reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I've given careful consideration to all of the submissions made before arriving at my decision and I'm satisfied I don't need to comment on every individual argument to be able to reach what I consider to be a fair outcome.

Having done so, I think esure's offer of settlement is fair and reasonable. I'll explain why.

The starting point of any claim made under an insurance policy is the contract between the customer and the insurer - the policy document.

Mr N and Miss N's policy covers them for repairs to underground pipes providing services to and from their home which they're responsible for and break accidentally. This includes the cost of accessing into and repairing any foul water underground pipe between the main sewer and their home following the blockage of a pipe and clearing a blocked drain if caused by damage to the fabric of the drain.

The policy also sets out the following terms:

'ring Us, as soon as possible to prevent further damage and We will register Your claim details, and talk You through the next steps'

'please keep any damaged items for inspection – do not dispose of anything'

'General conditions that apply when making a claim:

- *if You or Your Household do not comply with any part of these conditions, We have the right not to pay the claim*
- *do not repair any damage without Our consent'*

I think the policy clearly explains that policyholders shouldn't get repairs done. And most home insurance policies contain similar terms. That's so an insurer has the chance to fully assess the nature and scope of the damage before agreeing whether a claim is covered and, if so, how it should be settled.

I understand Mr N and Miss N got the leak fixed as quickly as they could with a contractor known to them as this affected the only toilet in their home. However, because the work had already been carried out, the full extent of the damage and necessary works wasn't apparent. So, getting the repair carried out before esure was contacted and given the opportunity to fully assess the works needed, likely cost and arrange for the repairs to be carried out, prejudiced esure's position.

I've then considered the settlement offer itself. The policy terms set out how esure settles claims.

'Where it is possible to rebuild, replace or repair Your Buildings but You do not agree with these settlement options, We will pay You cash based on the rebuild, replacement or repair cost to Us.'

Insurers often include a similar term in insurance policies and I don't think this is unfair or unreasonable. That's because insurers are often able to make use of supplier discounts to get repairs or reinstatement works carried out which aren't available to general customers. Had it been given the opportunity to carry out the repair in this matter, I consider it likely it would've done so using the agreed rates. So, esure's policy liability is limited to what the repairs would've cost it to get the work done. esure has provided a detailed scope of works setting out what it would've cost its supplier to carry out the work. This has been broken down by price. I've compared this directly with Mr N and Miss N's contractor's breakdown of their own works.

I note the cost for the first call out and investigation are the same. I'm also satisfied esure has included the same items in its scope of works and has costed these in line with the cost to it. This means I think it's calculated its current settlement fairly and in line with the policy terms and so I think its offer to pay £360.26, having deducted the policy excess, is a fair and reasonable way to resolve the claim.

I recognise Mr N and Miss N will be disappointed with this outcome. But my decision brings to an end what we – in trying to resolve their dispute with esure – can do for them.

My final decision

For the reasons I've given above, my final decision is that esure's offer of settlement is fair and reasonable.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N and Miss N to accept or reject my decision before 4 October 2023.

Rebecca Ellis
Ombudsman