

The complaint

Mr and Mrs C are unhappy with the way Advantage Insurance Company Limited handled their claim.

Mr and Mrs C jointly held buildings and contents insurance underwritten by Advantage. For ease of reading, I'll refer mainly to Mr C throughout my decision.

What happened

In brief, Mr C claimed under his policy after a leak from the pipe under his kitchen sink caused significant damage to his home. He made a claim under his policy, but experienced difficulty contacting Advantage, getting responses, using its chat facility, and navigating the claims process due to the multiple agents involved.

Advantage registered the claim after a delay of three weeks. On assessing the evidence, it declined the claim because Mr C's evidence confirmed the cause was inadequate soldering of the pipe joint. The policy excluded cover for faulty workmanship.

Mr C complained to Advantage. It offered £50 compensation for the service shortfalls but still declined the claim.

Mr C brought his complaint to us. After considering the complaint, our investigator thought Advantage had fairly declined the claim in line with the policy, but he said the compensation wasn't enough given the time taken to register Mr C's claim. Our investigator thought £150 was more appropriate.

Advantage didn't comment. Mr C reluctantly accepted that the policy exclusion applied to his claim, but he didn't think the compensation was enough. So the complaint was passed to me to decide.

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.

Having done so, I've decided to uphold Mr C's complaint, but I won't be asking Advantage to pay more than our investigator proposed.

Mr C provided evidence which showed the leak was caused by faulty workmanship. The policy states:

General exclusions

These exclusions apply throughout your policy. Your insurer won't pay for:

- *Defective design*

Any loss or damage arising from defective design, defective materials, faulty workmanship or failure to follow manufacturers' instructions.

There's no dispute that the inadequate joint was the cause of the leak. While unhappy about it, Mr C accepted that the policy exclusion applied. I'm satisfied Advantage fairly relied on this policy exclusion to decline Mr C's claim. Therefore, I won't comment further on this issue.

Compensation

The remaining complaint is about the amount of compensation. Advantage offered £50 by way of apology for its service shortfalls. Our investigator thought £150 was more appropriate. But Mr C didn't think that was enough, and he provided a timeline of events highlighting Advantage's service shortfalls.

Firstly, I'll explain what the compensation is for. Because the cause of the leak was excluded under the policy, Advantage would never have accepted or paid anything towards the claim. So it wouldn't have been responsible for any costs associated with the claim, such as alternative accommodation costs, the leak repair, or the damage caused by the leak. These are all costs that Mr C would've incurred regardless of whether he paid for them himself or whether he sought redress through the builder or its insurer. Therefore, I can't reasonably say Advantage is responsible for compensation in direct relation to those costs.

The regulator's rules say that insurers must handle claims promptly and fairly, and that they mustn't turn down claims unreasonably. The responsibility Advantage had in respect of Mr C's claim was to provide a prompt response. I've already said the decision would always have been to decline the claim, so I've thought about the impact Mr C said its delay had on him and Mrs C.

Looking at the detailed timeline of events, I see it took Advantage almost three weeks to properly register Mr C's claim. While it was a further ten days before Advantage declined the claim, that is something it would always have needed time to assess. The avoidable delay here is Advantage's failure to register the claim.

From first notification of his claim to the time Advantage properly registered it, Mr C regularly attempted contact with Advantage and its agents using email, phone and online chat. However, he didn't always receive replies, he felt the chat facility was inappropriate for the severity of the claim, and it was unable to cope with his home insurance claim. Mr C said Advantage's agents didn't communicate with each other and he didn't have a clear understanding of the claims process given all the different agents involved.

In its final response to his complaint, Advantage acknowledged it had fallen short in its service and offered Mr C £50 compensation. Our investigator thought £150 was more appropriate, but Mr C didn't agree.

If Advantage had registered the claim promptly, Mr C wouldn't have needed to chase contact, or experience the difficulties he described. So, for three weeks' delay and inconvenience, I'm satisfied that £150 compensation is fair and reasonable.

I'm sorry to hear that Mr C experienced health problems during this time, and that his home wasn't habitable. But it was the leak and resulting damage which caused problems, so I won't be asking Advantage to compensate Mr C for the event itself which was caused by faulty workmanship.

My final decision

For the reasons given, my final decision is that I uphold Mr and Mrs C's complaint and Advantage Insurance Company Limited must:

- Pay £150 compensation to Mr and Mrs C for the inconvenience caused by its service shortfalls when registering their claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs C to accept or reject my decision before 28 December 2023.

Debra Vaughan
Ombudsman