

The complaint

Ms L complains about the way U K Insurance Limited (UKI) handled a claim under her buildings insurance policy.

What happened

The circumstances of this complaint are well known to both parties, so I've summarised events.

Ms L has a buildings insurance policy which is underwritten by UKI. She made a claim on the policy in 2015 when her property suffered crack damage because of water escaping from a collapsed pipe at the rear of her property.

Repairs to the defective pipe were completed by the local water authority in 2015, but in 2018 cracks reappeared in Ms L's property. Initially UKI concluded the latest damage was connected to the local authority's repair of the drain in 2015, and so, told it another repair was needed. But it later discovered a drain at the front of Ms L's property was defective and causing the damage. The drain was repaired and following monitoring of the property – which confirmed it had stabilised – remedial works were scheduled. But owing to the pandemic and Ms L awaiting an operation, a later start date of October 2021 was agreed. The remedial works were due to take three to four weeks. However, the remedial work wasn't completed until March 2022 – with a certificate of structural adequacy being issued in April 2022.

Unhappy with the time it had taken, Ms L raised a complaint with UKI in June 2022. And she set out her complaint as follows:

- Inadequate investigations during the initial claim meant a second drain – which was defective – wasn't discovered as being a cause of the damage. And this meant further repairs to the drains and property were required.
- UKI failed to properly investigate the above and her concerns about how the current claim has been handled.
- Issues with the quality of UKI's building contractor – including the quality of workmanship and poor communication.
- UKI's oversight and management of its agents – which led to poor communication and delays.

In its final response, UKI said its agent could attend Ms L's property to review the workmanship to check if it had been carried out in line with the schedule of works. Following this, it could then decide whether a cash settlement would be made, allowing Ms L to appoint her own contractor, or whether UKI's contractors would complete the work. It also accepted parts of Ms L's claim could have been dealt with more efficiently and so, offered £200 compensation.

Ms L didn't consider the compensation to reflect the difficulties she'd experienced, and so, brought a complaint to this Service. An Investigator considered it and said: the option proposed by UKI to have someone attend and review the works was reasonable; he hadn't seen evidence to persuade him UKI was at fault for not identifying the issue with the second drain; he was satisfied £200 compensation was fair.

Ms L disagreed and so, the complaint was passed to me for an Ombudsman's decision. At the same time, UKI said this Service couldn't consider Ms L's complaint about the discovery of a defective second drain – saying it had already considered the issue in a previous final response letter and Ms L had brought the matter more than six months after the date of this. I disagreed and issued a decision explaining why I considered it to be something I could consider as part of this current complaint.

Having reviewed the merits of Ms L's complaint, I issued a provisional decision, in which I said:

“What I've provisionally 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.

In its final response, UKI said its agent could attend Ms L's property to review the remedial work and identify any outstanding works – which could then be settled by a cash settlement or its contractor carrying out the works. And I consider this to be a reasonable way of progressing the claim. It's not clear if Ms L has agreed to this or not – but if she hasn't told UKI whether she wants to accept this proposal, she'll need to let UKI know. If she has, UKI will be aware of its obligation to provide a lasting and effective repair in respect of any remedial work it carries out.

So, what's left for me to consider is whether £200 compensation fairly reflects the difficulties Ms L experienced. It's not in dispute that the repairs took longer than they ought to have. UKI has accepted there were multiple visits to address snagging issues which Ms L had identified and that she'd had to arrange additional cleaning of the property. It said its agent could have provided greater assistance with this and so, offered compensation to recognise the inconvenience this had caused Ms L.

Delays

With regards to delays, I can only hold UKI responsible for delays which were avoidable. So, I'm not considering the impact of the pandemic and Ms L's decision to delay repairs for personal reasons.

Here, it's not in dispute that the repairs were due to take a maximum of four weeks but took approximately six months instead. So, I've looked at what happened during the additional five-month period. From what I've seen, Ms L raised numerous concerns during this time about how the claim was being progressed and the quality of the repairs. It's not necessary for me to detail these here – but there was a plethora of issues, including improper use of her furniture, damage to existing furniture, leaking radiators, paint marks, and debris to plants. And I've not seen evidence which persuades me these concerns were without merit – UKI has itself said Ms L highlighted many snagging issues which its agent should have identified and rectified.

So, whilst UKI having to investigate Ms L's concerns slowed down how the claim progressed – ultimately, this is still attributable to UKI's handling of the claim, as if there weren't snagging issues in the first place, time wouldn't have had to be spent dealing with these

matters.

Ms L says more compensation is warranted because in her opinion, had UKI carried out adequate drain investigations in 2015, the second drain would have been repaired at that time and the damage – which is the subject of this complaint – would have been prevented. Meaning she wouldn't have experienced the inconvenience and distress of a second subsidence claim. Whilst I understand her argument, I'm not persuaded UKI can reasonably be held accountable for not identifying and repairing the second drain in 2015 - I say this for a few reasons.

First, several agencies - including the local water authority were involved in the first claim and none of them identified the issue with the second drain. They were instead satisfied the damage could reasonably be attributed to the defective local water authority pipe at the rear of Ms L's property.

Second, the defective drain in this current claim is at the front of Ms L's house - whereas the previous claim was for a pipe at the rear and so, wasn't in the vicinity. With this in mind, I'm not persuaded it would have been reasonable to expect UKI to survey all the underground pipes to ensure they were defect free when a credible cause for the damage had already been identified at the rear of Ms L's property.

Communication

Ms L has said UKI's agents' communication was poor during the repairs but from what I've seen, her queries were investigated and largely dealt with in a prompt manner. And so, I'm not persuaded the communication was below a standard which would prompt me to award compensation for it.

Consequential loss

Ms L has said were it not for UKI's poor handling of her claim, she would have sold her house and benefited from lower interest rates – so she's financially worse off. I don't doubt this has been a stressful time for Ms L and that having to change her plans has been upsetting. But I'm not persuaded UKI are solely responsible for her not being able to move house at the time she intended to do so.

As I've said above, I'm not persuaded UKI can be held responsible for the damage which occurred in 2018. And with the pandemic, Ms L's personal circumstances – which resulted in the repairs start date being pushed back – there are other factors which impacted Ms L's ability to sell her house as intended. I've also not been provided with evidence which shows a sale was imminent. And so, based on what I do have, I won't be asking UKI to pay additional compensation in respect of this part of Ms L's complaint.

On balance, I do consider UKI to be largely responsible for the delays which occurred during the period the remedial works were carried out - as had it carried out adequate repairs, additional time wouldn't have been spent rectifying issues, and Ms L wouldn't have needed to spend time and energy chasing matters up. It's also likely the repairs would have been completed closer to the original time frame of four weeks, as opposed to six months – and Ms L would have had her home back at an earlier date.

This, coupled with Ms L's personal circumstances, means the stress she experienced whilst dealing with the claim was felt more greatly by her. And whilst I recognise UKI did arrange alternative accommodation for her - which alleviated some of the immediate and physical impact of the claim - Ms L still felt compelled to visit her property - which she was entitled to do - because of concerns regarding the quality of the repairs and how her home

was being treated. And, so, I'm not persuaded the compensation offered by UKI is fair. Instead, I consider compensation totalling £750 to be fair in the circumstances of this complaint.

My provisional decision

My provisional decision is I uphold this complaint and intend to direct UKI to:

- *Pay Ms L £750 compensation in total. If it's already paid £200, it can deduct this amount from the payment it makes."*

Ms L sent a lengthy response to my provisional decision explaining why she disagreed with parts of it. In summary she:

- Said she'd called a halt to UKI's agent decorating her property at the end of March 2022, and subsequently sold her property.
- Explained why she considered the communication to have been poor with reference to specific examples. She added *she* arranged the alternative accommodation – not UKI.
- Felt the use of the phrase "snagging issues" underplayed the issues she had regarding the quality of the repair. She explained delays were also caused because of contractors not showing up as scheduled.
- Said UKI should have carried out a survey of all the drains and pipes when the original claim was made. And that had it done so, issues within the length of the pipe – not just the blockage identified in the current claim - would have been identified and rectified at an earlier date. She added that as there were displaced joints in her neighbour's drain, it would have been reasonable for UKI to assume there would have been similar problems in those parts which hadn't been surveyed.
- Disagreed the problem drain was at the rear of her property in 2013 – saying it was instead approximately 6 meters from her neighbour's manhole at the front of the property and so, couldn't have accounted for the crack damage at the rear of the property.
- UKI's agents had failed to keep it informed of her concerns with the handling of her claim.
- Provided evidence of enquiries with estate agents which she says supports her position that she would have listed her house for sale if the works had been completed at earlier date.

UKI responded to my provisional findings and said:

- The delays largely lie with Ms L and her decision to attend the property every day whilst it was being repaired. It said this was done without obtaining the contractor's permission – which was needed to ensure the health and safety of those on site, including Ms L who had told them she had a serious health condition.
- The contractor cleaned the property on three occasions. But this was deemed unacceptable by Ms L and so, UKI agreed to pay a cleaning cost as a gesture of goodwill.

- The repairs did not take six months and instead, over ran by one week – which is recognised by the compensation it paid. The repairs were largely completed by the start of December 2021 with only minor snagging outstanding. The repair timescale was impacted due to Ms L attending the property every day, commenting on the contractors' work, including that she didn't feel some were in the right frame of mind to work.
- Ms L says the furniture sustained damage but hasn't provided evidence of this. Ms L confirmed her satisfaction with the work prior to raising a complaint two months later.
- Finally, it remained satisfied the compensation it has paid is fair.

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 want to assure Ms L I have reviewed all the information she's provided – including her detailed recent reply. My decision, however, won't mirror this style. This isn't intended as a discourtesy but is rather to reflect the informal nature of this Service. Instead, I've summarised the parties' points and have addressed those I consider pertinent to the complaint.

Delays and Communication

Ms L has asked that I not only consider the length of the delay but also the nature of what caused the delays – particularly in the first four weeks of the repair timeframe - together with the miscommunication she says took place during this time. I want to reassure Ms L that I have done this. When determining compensation, this Service doesn't award specific amounts of compensation for particular actions (or inactions). For example, there isn't a prescribed amount where a business fails to return a call or attend an appointment. Instead, I've looked at the claim holistically – meaning I've considered the overall handling of the claim, and the impact any shortcomings had on Ms L.

As I said in my provisional decision, I agree there were avoidable delays. Whilst UKI contests there was a five-month delay – and that only "snagging issues" remained after December 2021, ultimately, the works weren't completed within the agreed timescale, and so I consider it reasonable to increase compensation in respect of this.

UKI has been keen to stress that Ms L shouldn't have attended the site whilst the repairs were going on – but it was *her* property. Whilst I accept her attendance wasn't necessarily conducive to the contractors carrying out the repairs, I don't think this means the issues Ms L highlighted during this shouldn't be taken into consideration. And I'm satisfied I've seen enough to show Ms L did have to spend time highlighting issues and added to what was already a stressful time for her.

Whilst Ms L has provided numerous examples of when she says communication fell short, I have to balance this with evidence from the business which indicates UKI (or rather its agents who act on its behalf) were in touch with Ms L frequently and did act upon her concerns when they were raised during the repair stage. Even if I accepted there were instances where UKI's communication could have been clearer, or it could have returned her calls in a timelier manner, I haven't seen enough to persuade me that I need to increase the £750 total compensation.

Drains

I appreciate Ms L disagrees with my finding on this issue, but even if I accepted her point that the problem drain wasn't in the vicinity of the cracking, I'm not persuaded it would have been reasonable to expect UKI to carry out a full survey of all the surrounding pipes and drains when it – and other agencies – had identified what was reasonably considered to be the cause of the damage.

Selling her home

Ms L has said that owing to the handling of the claims, she wasn't able to sell her property when she'd initially intended to, and has therefore, missed out on lower interest rates. In my provisional decision I said I wasn't persuaded UKI could reasonably be held accountable for this based on the available information.

Ms L has provided new evidence which shows she'd been in touch with an estate agent to arrange a valuation of her property in July 2021 - a few months prior to the works commencing. And that she'd agreed to sell her property with a different estate agent in March 2022 – around the time the works were signed off as 'complete'.

Whilst I'm satisfied the new evidence shows Ms L had made enquiries about selling her home before the repair works began, I'm not persuaded it shows UKI's handling of the claim *prevented* her from marketing her home. Whilst I appreciate Ms L might have preferred to market her home in a "finished" state – once the repairs had been completed – she could have nonetheless chosen to market it, with potential buyers being informed the repairs were being completed by the insurer – and this potentially being included as a condition of sale.

Furthermore, it's likely Ms L would have been required to disclose in any pre-contract enquiries that the property had been affected by subsidence. And so, I'm not persuaded the presence of contractors completing repairs to remedy what would be a known issue to a potential buyer, prevented the property from being marketed. It follows that I won't be directing UKI to redress this aspect of Ms L's complaint.

My final decision

My final decision is that I uphold this complaint and direct U K Insurance Limited to:

- Pay Ms L £750 compensation in total. If it's already paid £200, it can deduct this amount from the payment it makes.

UKI must pay the compensation within 28 days of the date on which we tell it Ms L accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 11 January 2024.

Nicola Beakhust
Ombudsman