

The complaint

Mr K complains about the way UK Insurance Limited (UKI) handled a claim he made on his home insurance policy.

What happened

At the end of November 2020, Mr K made a claim for damage caused by subsidence under his home insurance policy. UKI accepted the claim. Around the same time it also accepted a claim for an escape of water at the property too. But said before repairs relating to that could be carried out, the cause of the subsidence needed to be dealt with first.

Unhappy with the progress of the claim, Mr K made a complaint to UKI, which it responded to in January 2023. It said there had been delays in the claim, but much of the delay had been outside of its control given the challenge of sourcing contractors in the area where Mr K lived, and the quarantine restrictions in place in his locality because of the covid-19 pandemic. But it recognised there were issues in the handling of the claims, and so it awarded £750 compensation to recognise the impact of its poor service.

Mr K said he was initially happy with the response, but some months later no progress had been made with the claim, so he referred the complaint to this service. After doing so, he received a further final response letter from UKI dated September 2023. This addressed delays from January 2023. UKI accepted it hadn't progressed matters, mostly because a report wasn't picked up and reviewed for around four months. To recognise this delay, UKI paid a further £175 compensation.

Our investigator reviewed the claim up to September 2023. He thought UKI should pay a total of £1,500 compensation for the unnecessary distress and inconvenience caused to Mr K for a prolonged period of time. He said the delays and being in alternative accommodation for longer than he would have likely needed had impacted Mr K's wellbeing. And Mr K has three young children, one of them with a medical issue which had been impacted by living in damp conditions in the property.

Mr K accepted that outcome, but UKI didn't. It said it had listened to Mr K's concerns about the property, and that is why alternative accommodation had been offered. It said it had made payments in a timely manner to assist Mr K and it believed its offer of £925 in total was enough to compensate Mr K for the issues with the claim.

As UKI didn't agree, the matter has come 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.

UKI accepts it made mistakes and caused unnecessary delays in the handling the claim. So, the only thing for me to consider is whether its offer of £925 compensation fairly reflects the distress and inconvenience caused to Mr K.

Having considered everything, I agree with our investigator that UKI should pay a total of £1,500 compensation to resolve the complaint. I consider the unnecessary delays in the

claim to have had a greater impact on Mr K given his family circumstances, with three young children to look after, including one with a medical issue.

Whilst I accept some of the delays at the start were attributed to the covid-19 pandemic, it's now over three years since the claim was first made and it still isn't resolved. The claim is complicated by subsidence and an escape of water issue, and that has led to various contractors being involved for the different parts. UKI has also said Mr K's location have caused it a challenge. However, UKI has offered Mr K insurance in full knowledge of his location, so it can't use this as a reason to give him a poorer service.

UKI's own notes suggest there was no real progress on the claim for around 10 months in 2021, I don't think all of this can be attributed to government restrictions as a result of the pandemic. And further notes from UKI's from file November 2022 say *'appreciate pandemic November 2020 but we are now 2 years further on and nothing appears to be happening'*. I'm satisfied this delay has caused Mr K significant distress and inconvenience.

I note UKI offered alternative accommodation when Mr K flagged there was mould in the property which was impacting his son's health, but I consider that had UKI been more proactive in handling the claim, the mould would have likely been avoided in the first place. I say this because it seems to have appeared due to the escape of water, which UKI chose not to deal with until the cause of the subsidence damage was resolved. The worry it caused Mr K, his circumstances and him having to move out of his home at short notice as a result, means he's been more severely impacted than others might have been in the same situation.

UKI said it did make payments to Mr K quickly to resolve issues with the alternative accommodation. It appears that is the case from the file. But it also accepts it delayed the claim for around four months in 2023 because a report that was carried out wasn't picked up and progressed. In a claim that's already experienced delays, I think the impact on Mr K of further avoidable delays is more severe. Particularly when he's out of his permanent home, which is already an inconvenience.

Going forward UKI needs to ensure it carries out repairs without delay and confirm to Mr K what the next steps are and when they'll happen. If Mr K experiences any further challenges with the claim after September 2023, he can raise those as a new complaint, and contact our service again if he's unhappy with UKI's resolution.

My final decision

My final decision is that UK Insurance Limited needs to pay Mr K £1,500 to resolve this complaint, less any amount it has already paid.

UKI must pay the compensation within 28 days of the date on which we tell it Mr K 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 Mr K to accept or reject my decision before 11 January 2024.

Michelle Henderson
Ombudsman