

The complaint

Mrs J complains about the way Ecclesiastical Insurance Office Plc (“EIO”) handled a claim she made on her home insurance policy following an escape of water.

Reference to either party includes respective agents and representatives.

What happened

I’ll summarise the main points about this dispute:

- Mrs J got in touch with EIO in March 2018 after an escape of water from her loft caused damage to her buildings and contents. EIO accepted the claim.
- There followed much discussion and disagreement about how to settle the claim, including the schedule of work for building repairs, the value of the contents, and alternative accommodation. Mrs J complained.
- EIO gave its complaint response in June 2019 (“FRL1”), setting out its position on how to settle the claim. Discussions continued after that but an agreement still wasn’t reached. Mrs J made a further complaint.
- EIO gave another complaint response in October 2021 (“FRL2”). It again set out its position on how to settle the claim, including increased offers for some points.
- Mrs J referred her complaint to this Service. Another Ombudsman considered the jurisdiction position and found we could look into some, but not all, of Mrs J’s complaint points. He said the following matters are within our jurisdiction:
 - *Buildings claim:*
 - EIO’s increase of settlement taking into account higher material and labour costs.
 - EIO’s settlement on the light fittings that it could no longer refit as they were disposed of.
 - And handling of the claim after FRL1, including EIO’s decision to cash settle the claim.
 - *Contents claim:*
 - The full history of the contents claim up until FRL2.
- The Ombudsman clarified several matters were outside our jurisdiction:
 - Alternative accommodation offer made in FRL1
 - Utility costs offer made in FRL1
 - An electricity invoice which hasn’t been complained about yet (Mrs J is entitled to make that complaint to EIO if she wishes).

- Mrs J queried some items that she thought hadn't been accounted for in EIO's offers: a wardrobe, extractor fan, shower, bathroom cabinet and several other bathroom items that aren't accounted for elsewhere. The Ombudsman said we couldn't consider these items if they were part of the buildings claim offer from FRL1. But we could if they were part of the contents claim, subject to the FRL2 cut-off date.
- Our investigator considered the merits of the points within our jurisdiction. He didn't ask EIO to do anything further. In summary, he made the following points:
 - EIO hadn't unreasonably delayed the buildings claim since FRL1. It had outlined different options for Mrs J but didn't receive constructive responses from her. So it was reasonable to offer a cash settlement.
 - EIO's buildings claim offer in FRL1 included bathroom sanitary ware, so those items had been taken into account.
 - The increase in offer for the buildings claim from FRL1 to FRL2 was fair.
 - Mrs J had asked to settle the contents claim for £35,000 and the return of some of the items from storage. EIO returned the requested items and agreed to Mrs J's suggested figure. This was a fair settlement for the contents.
- Mrs J disagreed and asked for an Ombudsman to consider her complaint.

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.

Whilst I've read and considered all the information provided by both parties, I won't specifically comment on each and every point raised. I'll focus on what I think are the key points to reaching an outcome that's fair and reasonable in all the circumstances. That reflects the informal nature of this Service.

I'll set out my findings in line with the points another Ombudsman found to be within our jurisdiction.

Buildings claim

In FRL1, EIO offered £68,445 to settle the buildings claim. Whilst I know Mrs J feels very strongly that this offer was unfair because it didn't fully reflect the extent of repair required, it's not within our jurisdiction to consider that offer. So I won't be able to consider the points she's made about this.

EIO later increased its offer to £71,000 to allow more for the replacement of kitchen units, radiators and bathroom sanitary ware.

In FRL2, it said it previously thought some light fittings could be refitted but, as they had since been disposed of, it agreed to pay £1,500 to replace them instead. That brought the offer up to £72,500.

EIO also acknowledged the rising cost of materials and labour and increased the offer to £76,125 to take these factors into account. It rounded that figure up to £80,000 as a gesture of goodwill. It also agreed to waive the £250 policy excess.

EIO's increase of settlement taking into account higher material and labour costs.

EIO increased its offer by 5.5% to take into account the rising costs of carrying out work between its original offer in 2019 and its latter offer in 2021. And taking into account the goodwill gesture and waiving the excess, its increase was effectively over 10%.

I haven't seen any evidence to suggest the cost of carrying out the work to Mrs J's home increased by more than this as a result of costs rising.

And, as I'll explain later in my findings, I don't think EIO caused any unreasonable delays between its two offers for the buildings claim. So I don't think it was obliged to factor in any increase of building costs as a result of the passage of time. That it offered an increase of over 10% means I'm satisfied it treated Mrs J fairly on this point.

EIO's settlement on the light fittings that it could no longer refit as they were disposed of.

EIO originally scheduled to refit the light fittings. When those fittings were disposed of, it offered Mrs J £1,500 to replace them.

I haven't seen any evidence to suggest this cost is insufficient for supplying these items. So I'm satisfied it's a fair offer in the circumstances.

And handling of the claim after FRL1, including EIO's decision to cash settle the claim.

As I've said above, I can't consider the points Mrs J has made about the original offer. The key point that I can consider is whether it was fair for EIO to offer to settle the claim by cash payment. Mrs J would like it to arrange for the work to be carried out by its own contractor.

Under the buildings section of the policy it says:

We can choose to settle a claim for damage by either:

- *Paying for the full cost of repairing, or*
- *By making a cash payment, or*
- *Paying for the cost of re-building if damaged beyond repair.*

I'm satisfied the policy is clear that EIO can choose whether to pay for the repairs (by having its contractor carry out the work) or make a cash settlement. The last bullet point isn't relevant here.

Generally, I wouldn't interfere with EIO's contractual right to choose unless I thought there was a compelling reason to do so. For example, if I was satisfied there was significant risk of detriment to the policyholder of arranging the repairs themselves.

Mrs J has explained she's suffering from ill health and the medical evidence she's shared suggests she be provided with a project manager for the work as she would be in no position to manage it herself.

I note EIO has included within its offer an allowance to appoint a project manager to oversee the work. That means in practice Mrs J wouldn't need to directly arrange and communicate with contractors about the detail of the work or the schedule of payments – the project manager would do that for her. I think that considerably lessens the potential negative impact on her health of the cash settlement option.

I also think EIO had little option but to settle the claim by cash. I'll explain why.

FRL1 was written in June 2019, over a year after the claim began. There had already been lots of discussion about how to settle all aspects of the claim prior to that and they continued afterwards. Mrs J was particularly concerned about the scope of repair to the walls and the allowance for a replacement kitchen, although there were other points too.

EIO had taken advice from an engineer before compiling the schedule of work that led to its offer in FRL1. It took into account the engineer's view about how to repair the wall and a reasonable estimate for the kitchen. It also had a surveyor's advice about the kitchen.

After that offer, Mrs J took advice from a different but similarly qualified engineer about the walls. They suggested more significant work was required. EIO took further advice from its own engineer and wasn't persuaded to change the scope of repair. Mrs J urged EIO to take advice from a kitchen specialist to obtain a fair estimate for that cost. EIO didn't think that was necessary as it had already received advice from a surveyor and an engineer.

An agreement hadn't been reached by September 2020, so EIO set out three options to progress the building claim. Firstly, for the relevant experts to meet at the property in an attempt to agree on all outstanding issues. Secondly, for her to accept its offer of £71,000. And thirdly, to go to arbitration.

Mrs J didn't agree to any of the options. She didn't think the first option was reasonable because, in her view, reaching agreement on all the issues would mean having a kitchen specialist there as well as an engineer. And she didn't think the cash offer was reasonable, so she didn't wish to accept the second option. Nor did she wish to go to arbitration.

An agreement still hadn't been reached by October 2021. EIO increased the offer as set out above but otherwise maintained it had acted fairly. It sent Mrs J a cheque for its offer as it said she hadn't engaged with EIO to progress the claim. I know Mrs J considers things were actually the other way round – and it was EIO who was stalling progress by not engaging with a kitchen specialist.

In my view, EIO acted fairly and set out reasonable options. It didn't think it necessary to engage a kitchen specialist as it had already taken advice on that point. It was at all times open to Mrs J to take her own advice about that if she wished to challenge EIO's position. She has done so more recently, but that was long after FRL2, so I can't consider it here. However, Mrs J is entitled to share that advice with EIO, if she hasn't done so already. And if so, I would expect EIO to consider whether this changes its position and let Mrs J know.

I know Mrs J was finding the claim very stressful to deal with, but I haven't seen anything to suggest EIO treated her unfairly during the relevant time or added avoidably to her distress. I think it took reasonable steps to progress matters, and gave Mrs J a reasonable opportunity to provide comments and/or evidence to challenge EIO's position. I haven't seen anything to make me think EIO stalled progress or otherwise caused delays. On the contrary, it was conscious of how slow progress was and suggested ways to improve that.

The period of time I can consider for the buildings claim is over two years long – July 2019 to October 2021. During that time, Mrs J rarely engaged with EIO and it was quite clear she wouldn't agree to its schedule of repair. Nor did she agree to progress the claim by a site meeting or arbitration. Whilst she was concerned the kitchen allowance was insufficient, she didn't provide evidence to challenge EIO's position.

By FRL2 the claim had been ongoing for around three and a half years but it had been at a stalemate for most of that time, despite the steps EIO had taken to progress it. I wouldn't expect EIO to leave a claim open and unsettled indefinitely, so I can understand why it sent

Mrs J a cheque in settlement. It couldn't force any other settlement options, so sending her the cash settlement was the only option it had left.

Overall, I'm satisfied it was fair and reasonable in the circumstances for EIO to choose to settle the buildings claim by cash payment. And I'm satisfied it handled the buildings claim fairly between FRL1 and FRL2.

As Mrs J has noted, it's possible that once work begins, her contractor may think the schedule of work is insufficient. If that's the case, Mrs J would be entitled to get in touch with EIO, explain what the contractor has found and what the cost implications are. I would expect EIO to consider any such request and let Mrs J know whether it will make a further payment to her. EIO is likely to ask for appropriate evidence before agreeing to make any payments and it may ask for the opportunity to inspect whatever the contractor has found.

Contents claim

EIO estimated the cost of the contents damaged beyond repair at around £13,000 initially. Noting that other items might not respond successfully to repair or restoration, it made an offer of £20,000 to settle the contents claim in FRL1. Mrs J didn't challenge this figure.

In September 2020, EIO increased this to £25,000 in an effort to resolve the contents claim and bring to an end the need for it to pay to store Mrs J's contents at its own expense.

In early 2021, Mrs J said she would accept £35,000 – if certain items were returned to her. EIO agreed to this. It returned the items and sent Mrs J a cheque for the agreed amount.

Whilst this is only a very brief summary of the contents claim, I'm satisfied it sets out the key points. Since EIO settled the claim as Mrs J asked – and potentially at a significantly higher value than had been evidenced – I think it acted fairly.

Mrs J queried some items that she thought hadn't been accounted for in EIO's offers: a wardrobe, extractor fan, shower, bathroom cabinet and several other bathroom items that aren't accounted for elsewhere.

EIO originally agreed to pay for a wardrobe in the second bedroom under the buildings claim. By the time of FRL1, it removed that wardrobe from the building claim and Mrs J understood it would be added to the contents claim. She says the contents list included a wardrobe, but that was from the third bedroom – not the second. So effectively, the wardrobe from the second bedroom hasn't been included in either claim. Mrs J has estimated the cost of this wardrobe between £900 and £1,600.

I agree it does appear the second bedroom wardrobe was removed from the buildings claim and not added to the contents claim initially. At that time, EIO thought the contents claim was worth around £13,000. Since then, it's agreed to an increase to £35,000. So I'm satisfied that comfortably covers the cost, as estimated by Mrs J, of the wardrobe.

Mrs J has a main bathroom and an en-suite. EIO's offer under the buildings claim included fitting a new bathroom suite in the main bathroom. And in the en-suite, fitting a new shower tray and re-fitting the shower screen, toilet, wash basin and associated connections. That means some of the items Mrs J has queried don't appear under the buildings claim, such as the extractor fan and bathroom cabinet. These items don't appear on the contents list either. And some items that were scheduled to be refit must now be replaced as they've been disposed of by EIO.

I haven't seen estimates from Mrs J for the cost of all these items. But she's suggested around £1,300 for a replacement toilet and wash basin. Including the other items, I think it's likely to come to less than £2,000 in total.

After FRL1, EIO increased the buildings offer from £68,445 to £71,000. In part that additional amount was to allow to replace bathroom items, rather than re-fit them. And, as with the wardrobe, the contents claim was also increased significantly around this time. So again, I'm satisfied these increases cover the likely cost of the bathroom items.

Overall, I'm satisfied EIO dealt with the contents claim fairly.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 26 September 2023.

James Neville
Ombudsman