

## **The complaint**

Ms B complains about the way that Accredited Insurance (Europe) Ltd has handled a claim she made on a home insurance policy.

Ms B is represented by Mr K.

All references to Accredited include the actions of the agents acting on its behalf.

## **What happened**

The background to this complaint is well-known to both parties. So I've simply set out a summary of what I consider to be the key events.

In late December 2022, Ms B suffered an escape of water at her home, which caused severe damage to both the building and Ms B's contents. The property was also uninhabitable. So Ms B made a claim on her home insurance policy.

Accredited asked Ms B to ensure the water leak was fixed. Given the nature of the leak; the property and the contents were very wet. Accredited stated that the property needed to be dried before reinstatement works could begin. Contractors also attended the property so that a scope of works could be drawn-up.

Initially, Ms B stayed with a relative and Accredited paid her inconvenience allowance to recognise the costs of doing so. But Ms B has a number of medical conditions and needed to be closer to home for medical care. So in March 2023, Accredited agreed to pay for Ms B to stay in alternative accommodation. It also agreed to cover the cost of any increased energy bills Ms B's relative had incurred while Ms B had stayed with her.

Ms B was very unhappy with the way Accredited had handled her claim. In brief, she felt there were significant failings in Accredited's communications with her and her representatives; further damage had been caused to her property as a result of the handling of the claim; and she said it had caused her unnecessary distress and inconvenience. So Mr K asked us to look into this complaint.

Whilst the investigator originally concluded that Accredited had handled the claim fairly, Accredited later made an offer of £200 compensation to recognise some failings in the way it had communicated with Ms B. The investigator concluded that this was a fair offer to put things right.

Mr K didn't think the offer was sufficient to recognise the impact of Accredited's handling of the claim on Ms B. Therefore, the complaint was passed to me to decide.

I issued a provisional decision on 21 February 2024 which explained why I thought Accredited should pay Ms B £300 compensation. I said:

*'First, I'd like to reassure Ms B and Mr K that while I've summarised the background to this complaint and their submissions to us, I've carefully considered all that's been said and sent. Within this decision though, I haven't commented on each point that's been made and nor do*

*our rules require me to. Instead, I've focused on what I consider to be the key issues.*

*I must also make the parameters of this decision clear. This decision concerns the way Accredited handled the claim up until the point it issued its final response to Ms B's complaint on 27 July 2023. I appreciate Ms B has concerns about the way Accredited has handled her claim after that date and that Accredited has looked into a new complaint for her about those issues. Ms B has made a new complaint to our service about Accredited's handling of the claim after 27 July 2023 which will be considered separately.*

*The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that insurers must give policyholders reasonable guidance to help them make a claim. I've taken these rules into account, amongst other things, when deciding whether I think Accredited treated Ms B fairly.*

*It's clear that Ms B's home suffered an escape of water which caused extensive damage. I can see from the surveyor's reports and photos of Ms B's home that both the building and Ms B's contents were severely damaged – included several collapsed ceilings and significant damage to her flooring and surfaces. The surveyor's reports show that Ms B's property was left extremely wet and required extensive drying before works could begin. It also appears that only five weeks after the water leak, mould had already covered some walls and the flooring. I don't doubt how stressful and worrying it was for Ms B when she discovered the extent and nature of the water damage. But I think the evidence indicates, on balance, that this claim would always have resulted in a significant level of disruption to Ms B. I think it shows too that drying would always have likely taken some months, meaning that repair and reinstatement couldn't begin as quickly as Ms B and her family may have wished. Accredited's claims notes do show that drying works began promptly, as I'd have expected.*

*Accordingly, Ms B's home was uninhabitable and I can entirely understand why she initially opted to stay with a relative. Accredited paid Ms B inconvenience allowance during this period to recognise the cost of her doing so. And it also agreed to pay the increase in any energy bills during this time. In my view, this was a fair response from Accredited.*

*However, it's also clear that Ms B did need to return to her home area in order to attend medical appointments. At that point, she needed to rent alternative accommodation (AA) to live in while her home remained uninhabitable. So under the policy terms and conditions, Accredited was required to pay Ms B AA allowance for reasonable and necessary accommodation costs in line with Ms B's needs. Accredited's claims notes show that it did take steps to find Ms B AA which it considered to be in line with her needs and at a price it considered to be reasonable. Ms B's representatives explained why these properties weren't suitable for Ms B's particular circumstances and why they couldn't locate suitable properties within Accredited's proposed budget. I'm mindful that Ms B's representatives did put in some time finding suitable AA for her. And that they were unable to find a rental property which would offer a short-term let. But I'm also aware that Accredited did agree to pay somewhat more than the price it had originally offered for Ms B's AA. It agreed to also pay for the property Ms B's relatives had located rather than a property it deemed suitable for her. By doing so, I think Accredited took reasonable steps to ensure Ms B was in a safe and appropriate property, taking into account her health and personal circumstances.*

*As such then, I currently think that I can't fairly hold Accredited responsible for delays in progression of the claim or that it unreasonably settled Ms B's AA claim up until the point it issued its final complaint response in July 2023.*

*Nonetheless, I do think Accredited made some errors in the way it handled Ms B's claim which caused her some material, avoidable distress and inconvenience. It seems to me that throughout the life of the claim, up until July 2023, Accredited repeatedly failed to respond to*

*Ms B's representative's call-back requests. It left her without meaningful updates on the progress of her claim at various times and it seems that Ms B may not have had sight of the relevant scope of works for her agreement. I also think that the process of finding AA became somewhat convoluted and that Accredited could have done more to keep Ms B updated as to what costs it was prepared to pay and the type of property it would pay for. So I don't think it gave her as much guidance about the progress of the claim as it could have.*

*Given the nature of the claim and Ms B's health, I think Accredited's failure to keep her sufficiently updated about what was going on would have caused her additional, unnecessary trouble and upset over this period. I'm also satisfied that Accredited knew Ms B had some health issues and that her representatives highlighted the impact of its claims handling on her. As such then, I'm not persuaded that £200 compensation is enough to reflect the impact of Accredited's communications failing. Instead, I currently find that a fair, reasonable and proportionate award of compensation is £300 for the period up until 27 July 2023. So it follows that I'm intending to direct Accredited to pay Ms B £300.'*

I asked both parties to provide me with any further evidence or comments they wanted me to consider.

Neither party accepted my provisional findings.

Accredited didn't feel I'd justified an award of £300 compensation rather than the £200 it had already offered. It considered it had made a fair offer of redress. So it asked me to either reconsider my provisional award or provide a greater explanation of the impact of its claims handling on Ms B which would justify such an increase.

Mr K said he had profound concerns with the tone and direction set out in my provisional decision. In summary, he felt my reference to 'some mistakes' drastically understated the gravity of the situation. He considered Accredited's errors to be egregious and that there'd been a pattern of inadequate and unprofessional claims handling. He felt these errors had exacerbated the distress and damage Ms B had suffered. He felt I had underestimated the human cost of Accredited's claims handling and that this was very troubling. He didn't think my assessment reflected the physical and mental toll that living through such a life-altering event had had on Ms B. He questioned the impartiality of my decision and felt the tone of it showed a bias in favour of the insurance industry. He felt my decision showed consistent advocacy for Accredited. And he felt the compensation I'd awarded was insulting – that it didn't reflect her physical and mental anguish, nor the severe inconvenience and disruption to her life. He considered the claim called into question the value of insurance products. And he believed I would toe the company line and rule in favour of the insurance company.

### **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, whilst I'm sorry to disappoint Ms B, I still think total compensation of £300 is fair and reasonable in all the circumstances and I'll explain why.

First, I must make clear our role. We are independent and impartial of both consumers and the financial businesses we cover. We assess the available evidence in the specific circumstances of each complaint we consider to decide whether we think a financial business has done something wrong which has caused a consumer to lose out or suffer material distress and inconvenience. And if we think it has, we'll consider how a financial business should put things right. We don't act for either consumers or financial businesses. So I'd reassure Mr K and Ms B that I have considered this complaint independently and

impartially based on the available evidence.

I appreciate that this claim has had a real and significant impact on Ms B's life. I don't doubt how upsetting and worrying this situation has been for her. However, Accredited isn't responsible for the escape of water nor for the damage it caused to Ms B's home. Given the scale of the damage Ms B's home sustained, unfortunately, it became uninhabitable and Ms B needed to move out for a prolonged period of time. While I understand this situation has caused Ms B a great deal of disruption, unfortunately, it's the nature of claims like this that a consumer will suffer significant inconvenience. And I don't think it would be fair for me to hold Accredited responsible for the day-to-day impact of the claim on Ms B. I explained in my provisional decision why I thought Accredited had started drying and reinstatement works promptly and why I thought it had taken appropriate steps to arrange suitable AA for Ms B.

Nonetheless, as I explained, I did think Accredited had made errors in its handling of the claim which caused Ms B *additional* material trouble and upset over and above the inevitable distress caused by the claim. Given Ms B's health concerns, of which Accredited was aware, I'm satisfied it was important to her to be kept updated about the AA it was prepared to pay for. It remains the case that I think Accredited's failure, at times, to give her meaningful updates about the AA caused Ms B unnecessary worry and upset. Similarly, I think its failure to keep Ms B updated about the progression of the claim also caused her to suffer avoidable trouble and upset. And I think it's appropriate that Accredited pays compensation to reflect this.

I accept Accredited offered to pay Ms B £200 compensation. But I don't think this goes far enough to take into account its repeated communication failures and the upset these caused Ms B at an already worrying time – especially taking into account her health conditions. In my view, being kept up to date about the claim would have been important to Ms B, especially in terms of making arrangements for medical appointments, etc and in knowing what was going on. And it's for that reason that I think a total of £300 compensation is more reflective of the impact Accredited's claim handling errors during this period had on Ms B, in her particular circumstances. So I'm still directing Accredited to pay Ms B £300 compensation.

### **My final decision**

For the reasons I've given above and in my provisional decision, my final decision is that I uphold this complaint.

I direct Accredited Insurance (Europe) Ltd to pay Ms B £300 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 3 April 2024.

Lisa Barham  
**Ombudsman**