

The complaint

Mrs S complains about Haven Insurance Company Limited's handling of her home insurance claim.

Haven is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of its agents. As Haven has accepted it is accountable for the actions of the agents, in my decision, any reference to Haven includes the actions of the agents.

What happened

In December 2022, Mrs S made a claim under her home insurance policy with Haven after an escape of water caused significant damage to her property.

Mrs S told Haven that her property wasn't habitable, and she was concerned about the health of her children. Haven told Mrs S that it wasn't able to authorise alternative accommodation, but it could look to reimburse hotel costs if her claim was accepted.

Mrs S and her family stayed with her parents for about a week before moving into a short-term let for a couple of weeks. They then moved back into their own property because alternative accommodation costs hadn't been approved.

Haven arranged for its agents to source alternative accommodation for Mrs S, but they didn't find anything suitable nearby. Mrs S later found out that Haven was trying to find properties that would house her dogs. However, she says she'd never requested that her pets be housed with her. As a result, Mrs S and her family had to stay in a hotel for around a month.

Mrs S managed to source a six-month let on a property herself. She says Haven advised her to offer an upfront six month rental payment to secure the property and she would be reimbursed without delay. However, Mrs S wasn't reimbursed for around a month. She says she had to borrow money from family, and it placed her in financial difficulty.

Mrs S raised a complaint with Haven about poor communication and delays. She said she hadn't been offered reimbursement for many of her financial costs including additional travel, food and a lost day of wages. She was also unhappy with a delay in dealing with her subject access request.

Haven sent Mrs S two final response letters on the same date. Haven acknowledged its communication with Mrs S had been poor. It said there was an initial delay due to the time of year which meant its adjusting team had limited availability and the visit had to be postponed due to illness. This was followed by a delay in the underwriter confirming liability.

Haven acknowledged that the time taken to source appropriate accommodation was not within expectations. It said this was due to incorrect instructions being provided to the agent responsible for sourcing the accommodation. This meant that a number of properties were set aside due to pets not being allowed. In addition to this, advertised properties Haven's agent had enquired about had already been taken off the market or were only available as 12 month rentals.

Haven apologised for a delay in reimbursing Mrs S for her alternative accommodation payment. It also acknowledged poor communication in the handling of her complaints and a delay in dealing with her subject access request.

Haven offered Mrs S £500 compensation in one letter and £200 in the other.

Mrs S didn't think Haven's offer was enough to cover her financial loss and the inconvenience and distress she'd experienced. So, she asked our service to consider the matter. She also made us aware of some further concerns she had about Haven's handling of her claim.

Our investigator thought Mrs S's claim should be upheld. She recommended Haven pay Mrs S £2,070 for costs she'd incurred from 14 January to 24 March 2023. She thought Haven should pay Mrs S the amount agreed to replace a fridge that had been damaged by its contractors, without requiring an invoice.

Our investigator didn't think the £700 Haven had offered to pay Mrs S for distress and inconvenience was sufficient. She recommended it be increased to £1,000.

Haven disagreed with our investigator's outcome. It said its contractors had offered to pay for the fridge and then pay for VAT upon receipt of an invoice, but Mrs S had rejected this and said she'd take it up with the Financial Ombudsman Service. It said it would be happy to pay for this if Mrs S could produce an invoice.

Haven said it was unclear about why it was being asked to pay a disturbance allowance when Mrs S was in an apartment. It said she'd been extremely vague around dates, so it wasn't in a position to agree anything.

I issued a provisional decision on 5 December 2023, where I explained why I intended to uphold Mrs S's complaint in part. In that decision I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint."

Based on what I've seen so far, I intend to uphold Mrs S's complaint in part. I'll explain why.

Alternative accommodation

The policy's terms and conditions say:

"Alternative accommodation and loss of rent."

If Your Home is not fit to be lived in as a result of any occurrence covered under this policy, We will pay for:

- 1. Up to a maximum of 20% of the Buildings sum insured but subject to a maximum of £25,000 in any one Period of Insurance, for alternative accommodation for You, Your family and Your pets;..."*

I understand that Haven has reimbursed Mrs S for alternative accommodation costs up until September 2023. However, Mrs S says it hasn't reimbursed her for additional costs she incurred, such as travel expenses and food costs.

Our investigator recommended Haven pay Mrs S £2,070 for costs she'd incurred from 14 January to 24 March 2023. However, Haven has queried this amount.

It's good industry practice for an insurer to cover reasonable additional costs a consumer has incurred whilst in alternative accommodation for things like extra food expenses, laundry fees, travel expenses and council tax.

It looks like Haven has reimbursed Mrs S for some of these costs, for example council tax and broadband costs at the rental property. However, when she raised her complaint with Haven in April 2023, she included a spreadsheet of costs she thought should be covered. Haven doesn't appear to have acknowledged these costs.

I think it would be reasonable for Haven to cover Mrs S's additional expenses for the period 14 January to 24 March 2023. However, the costs Mrs S is claiming for are less than the amount our investigator recommended Haven pay. And I don't think it would be fair to tell Haven to cover expenses that Mrs S didn't incur.

Mrs S hasn't provided documentary evidence to demonstrate her additional travel expenses. I can see she's calculated her costs at 45p per mile. I think it would be reasonable for Haven to reimburse Mrs S for additional petrol costs for extra journeys she needed to take. However, the average cost of petrol is around 18p a mile. Using the mileage on Mrs S's spreadsheet, I've calculated her petrol costs to be around £566. So, I think it would be fair for Haven to pay Mrs S this amount for her travel costs.

Mrs S has also claimed £120 for food costs for a period of four days when she didn't have the use of a kitchen, prior to her moving into the long-term let. I think it would be reasonable for Haven to also pay this as it would equate to £10 per adult and £5 per child for each day.

So, I think Haven should pay Mrs S a total of £686 for reasonable costs that it doesn't appear to have already considered.

Fridge

Haven agreed to pay Mrs S an amount to cover the cost of a replacement fridge after hers was damaged by its contractors. However, it says it won't pay the VAT until Mrs S has provided evidence of the purchase.

Mrs S is concerned about being out of pocket in the event that Haven doesn't reimburse her straight after she purchases the fridge. I think this is understandable, given the delays in reimbursing her for alternative accommodation costs.

It's unclear, from the information I have, exactly what Haven agreed to pay for the fridge. But I think it would be fair for it to pay her the amount agreed including VAT, so that Mrs S can go ahead and buy a new fridge at the appropriate time.

Distress and inconvenience

Haven has acknowledged providing Mrs S with poor service, particularly with regard to arrangement and payments for her alternative accommodation.

Mrs S arranged her own short-term let early on in the claim but had to move back into the property for a couple of weeks because of a delay in Haven authorising costs. Mrs S was concerned about the health of her family during this time. She also had the inconvenience of having to travel back and forth to her parents' home for showers etc.

Mrs S says her family of four had to stay in one hotel room for around a month. This impacted their sleep and their mental health.

Haven has acknowledged that poor communication between its agents affected its ability to find suitable accommodation for Mrs S and her family. They were seeking a property which would allow pets, even though Mrs S didn't require this. Mrs S says she had to take a day off work to source a property herself.

Haven has also acknowledged delays in reimbursing Mrs S's alternative accommodation costs. This caused Mrs S unnecessary stress and she had to borrow money from her mother to pay £10,000 for the six month rental. It took almost a month to be reimbursed, despite Mrs S contacting Haven several times to chase it up.

I appreciate Mrs S was caused considerable distress, upset and worry over a number of months because of Haven's poor handling of her claim. However, it had already offered her £700 prior to our service considering her complaint. This is in line with the compensation our service would typically award for distress and inconvenience under the circumstances. So, I'm not persuaded to increase this."

I set out what I intended to direct Haven to do to put things right. And I gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

Responses

Mrs S said the costs she incurred between 23 December 2022 and 14 January 2023 seemed to have been ignored. She said there was additional travel of 896 miles in two cars for her and her husband. She said these trips were necessary to ensure that damage to the house would not worsen. She said she hadn't been told by the loss adjuster she could claim for the additional expense. If she had been told by her insurer, she would have taken readings from her car mileage reader and kept receipts.

Mrs S felt her travel costs to her parents for showers and laundry between 21 January and 3 February should be considered. She also commented that she'd completed 38 trips to her office between 3 January and 23 March 2023. Before her claim she'd only visited the office one day a week, so these additional trips based a huge financial burden and cost on her. She said if suitable accommodation had been sought for her family, such travel would not have been required.

Mrs S said she didn't think 18p per mile was sufficient to take into account the wear and tear the additional mileage would have done to her car. She thought this element of her claim should be re-evaluated with the mileage calculated at 45p an hour for 3212 miles travelled.

Mrs S said she was in agreement with the position relating to £700 for distress caused.

Mrs S attached a screenshot of the fridge she said Haven had agreed to at a cost of £1,098 which had now gone up to £1,650. She said there were a couple of cheaper fridges she'd seen that she'd also be happy to accept. If Haven was able to source a cheaper one that was available/in stock at the time of payment being made she'd be happy to accept that. Haven said it had nothing further to add and could agree to my recommendations as a resolution.

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 appreciate Mrs S doesn't feel that all of her additional travel expenses have been considered. However, strictly speaking the terms of the policy don't cover the additional costs of living away from home while a property is uninhabitable.

As I explained in my provisional decision, I think it's fair and good industry practice for an insurer to cover reasonable additional costs in these circumstances. But that doesn't mean that Haven needs to pay all of the additional costs Mrs S incurred.

I appreciate Mrs S and her husband travelled back and forth between their property and Mrs S's parents' address and I understand their reasons for doing so. However, these travel costs aren't covered by the policy.

I've carefully considered the information Mrs S provided on her spreadsheet to work out what a reasonable amount would be for Haven to contribute to Mrs S's additional costs. Her daily trips for showers from 21 January to 3 February 2023 were included in my calculation. As were her travel costs to work. While I think it's reasonable for Haven to pay towards Mrs S's additional costs for petrol, I'm not persuaded that it should pay for the wear and tear of her vehicle.

While it might not be enough to cover all of Mrs S's additional costs, I think the amount I said Haven should pay towards food and travel costs in my provisional decision is reasonable.

I can see that Haven initially offered Mrs S £729.70 for a replacement fridge, but Mrs S said this particular fridge was no longer available. Haven offered Mrs S a much higher cash settlement based on a fridge that Mrs S wanted to buy. Mrs S says this fridge has since increased in price.

However, Mrs S was happy to accept Haven's cash settlement offer for the replacement fridge in July 2023 and provided her bank details so the payment could be made. The matter in dispute was that Haven wasn't willing to include VAT in the cash settlement without seeing a copy of the purchase invoice. Mrs S wanted to have the full cash settlement in advance of purchasing the fridge.

As the amount of the cash settlement wasn't in dispute, I haven't considered this here. I've only considered whether or not it was fair for Haven to withhold the VAT until it had seen the purchase invoice.

I appreciate my answer will be disappointing for Mrs S, but having carefully considered her additional points, they haven't made a difference to the conclusions I reached in my provisional decision.

Putting things right

Haven should pay Mrs S:

- £686 to compensate her for travel costs and food expenses plus
- The amount agreed for a new fridge (including VAT) and
- £700 for distress and inconvenience.

My final decision

For the reasons I've explained, I uphold Mrs S's complaint and direct Haven Insurance Company Limited to put things right by doing as I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 16 January 2024.

Anne Muscroft
Ombudsman