

## The complaint

Miss T complains that Tesco Underwriting Limited's settlement offer for a home insurance claim is unfair.

## What happened

Miss T had a Tesco home insurance policy. In February 2022, she discovered water coming into her kitchen following a storm. She called Tesco to make a claim on her home insurance.

Tesco appointed a surveyor to inspect the damage. The surveyor's report identified damage to three areas of Miss T's home – the main roof, the kitchen extension roof, and kitchen interior – and estimated the cost of repairs at £932. Tesco offered Miss T this sum, less her £350 excess, to settle the claim.

Miss T didn't accept the offer. She told Tesco she'd had builder's quotes for £7,800 and £9,000, and both quotes included repairs that weren't listed in Tesco's survey. For example, both quotes listed damage to a roof window, kitchen electrics, spotlights, gutter, drainpipe, fascia and soffit, plasterboards, and side walls. At least one of the quotes said the extension roof should be replaced.

When Tesco wouldn't increase its offer, Miss T arranged for the repairs to be done and paid for this herself. This cost £7,275, excluding VAT.

Miss T brought her complaint to this service. She wants Tesco to cover the full cost of her repairs. She told us that, as well as the inconvenience, this was a very stressful situation as she was concerned about the safety of the electrics, especially with young children in the house.

Our investigator recommended that Miss T's complaint should be upheld. He said Tesco had accepted it was liable for the storm damage so he thought it should cover Miss T's claim in full. He also thought Tesco should pay Miss T £100 to compensate her for delays in processing her claim.

Tesco disagreed with our investigator, so the case was passed to me to consider.

## My provisional decision

I issued a provisional decision on this complaint on 20 April 2023. I said:

*"Like most policies, Miss T's cover only makes Tesco liable for damage caused by certain insured events. The damage needs to be caused by one of the insured events listed in her policy.*

*Page 14 of her policy booklet shows she's covered for loss or damage caused by a storm. Page 6 of the booklet defines a storm as: "A single violent weather event with wind speeds exceeding 55mph, and/or snowfall exceeding 30cm in depth within a 48 hour period, and/or torrential rainfall at the rate of at least 25mm per hour."*

When we look at complaints about storm damage, there are three questions we ask:

1. Were there storm conditions on or around the date of the claim?
2. Is the damage consistent with storm damage?
3. Were the storm conditions the main cause of the damage?

If the answer to any of these questions is “no” the claim won’t succeed.

First, Miss T reported the damage the day after storm Eunice hit the UK. This was the second named storm in the space of a few days after storm Dudley. Both storms were typified by extremely strong winds. Gusts of up to 60mph were recorded by the weather station closest to Miss T’s home. So I’m satisfied that the weather conditions met the policy definition of a storm. Tesco hasn’t disputed this.

Second, I think most people would agree that dislodged tiles, damaged roofs, and water getting into a home would be consistent with storm damage.

That means the third question is key: were the storm conditions the main cause of the damage?

Put simply, Tesco doesn’t think the storm caused all the damage in Miss T’s claim. Miss T had begun a new extension to her home. Tesco’s surveyor thinks some of the damage was likely caused by Miss T’s builders.

I’ve looked at the surveyor’s report, including his photos. This lists only relatively minor damage to three areas of Miss T’s home:

- The main roof: “tiles have cracked and come loose in places on the rear elevation with the tile debris being in the gutter. Relevant access equipment will be required”.
- The roof of the existing kitchen extension: “several cracked tiles are evident in various areas of the roof and will require new tiles being installed where required”.
- The kitchen interior: “the ceiling and walls are water stained and will require treating and painting in full”.

However, I think the photos show other damage that isn’t covered in the report. For example, I can see damage to at least one of the two windows in the extension roof as well as water damage around the kitchen spotlights.

That’s consistent with what Miss T reported when she made her claim. In her first call on 19 February 2022, she told Tesco’s agent that water was coming through a damaged roof window, affecting the electrics and spotlights. During her second call on 4 March, she listed the repairs her builders had quoted for. This included the damage I’ve set out above, as well as to plasterboards, side walls, gutter, drainpipe, and fascia/soffit.

Tesco’s surveyor didn’t visit Miss T’s home until 17 March, so would have been aware of the scope of Miss T’s claim. Given this, I might reasonably have expected the report to cover the damage she’d highlighted. For example, in both calls Miss T said the kitchen electrics were damaged. The surveyor’s photos show significant water staining on the kitchen walls and around the spotlights, but his report doesn’t mention the electrics at all. Similarly, Miss T told Tesco both quotes highlighted damage to the fascia and soffit, but the report doesn’t mention this either.

We asked Tesco about this. It told us its surveyor found the lights were “working perfectly fine” when he visited. And it said the damage to the fascia and soffit wasn’t related to the

*claim but was instead related to the new extension Miss T was having built.*

*I'm not persuaded by this. Miss T was clear that there was a problem with the electrics when she reported the damage and told us she was afraid to turn on the lights. She highlighted this when she called Tesco to discuss her quotes. Her builder's final invoice shows he had to repair the electrics. The photos show a damaged fascia on the left side of the kitchen extension, well away from the new extension. It's not clear to me how the new building work would have caused this. And I don't understand why the report doesn't mention the obvious damage to the roof window, where Miss T believed the main leak was coming from.*

*Having said all of that, I need to decide whether the storm was the main cause of damage. I agree with the surveyor that the cracked tiles on the extension roof were likely caused by roof tiles falling from the main roof. It's possible this is also how the roof window was damaged.*

*However, the photos seem to show considerable wear to the extension roof that isn't consistent with storm damage. I also think that if the storm caused such severe damage to the extension roof that meant it had to be replaced, I'd see more significant damage to the main roof. However, only a small number of roof tiles were dislodged. I also note Miss T's initial call where she believed the leak was coming from the roof window, rather than through the roof itself. While I have concerns about gaps in the surveyor's report, I think it's important to note that he saw no reason for the extension roof to be replaced.*

*I think the rest of the work set out in Miss T's builder's final invoice looks consistent with repairs to the damage seen in the surveyor's photos.*

*Given this, I think Tesco should cover all of Miss T's repairs except the cost of replacing the kitchen extension roof. Miss T's builder's final invoice doesn't itemise the cost of each repair. So I'd like both parties to respond to this provisional decision with an estimate of what the replacement roof alone cost, and to be clear whether their estimate includes VAT or not.*

*For the reasons above, I don't think Tesco's settlement offer was fair. I think it should increase its offer. For the avoidance of doubt, Tesco can deduct Miss T's excess from its share of the costs.*

*There's one more thing for me to consider. I agree with our investigator that Tesco's handling of Miss T's claim caused her distress. It's apparent from reading Tesco's internal notes of the claim and listening to calls that Miss T told Tesco she had young children and was afraid to use the electrics in her kitchen. I can also see that Tesco had the surveyor's report for more than two weeks but hadn't called Miss T to discuss it.*

*In these circumstances, I don't think Tesco's handling of Miss T's claim was adequate. I think Tesco should pay her £250 to reflect this."*

## **Responses to my provisional decision**

Miss T told us she was happy with my provisional decision. She sent us a quote from her builder showing the cost of replacing the extension roof was £1,250, excluding VAT.

Tesco's estimate for the cost of the replacement roof was £1,008.60, excluding VAT. It also said:

- It doesn't think it should pay for a new roof window as this was part of the extension roof.

- It asked to see Miss T's full invoice and breakdown of what was repaired so "*we can agree that we would be paying for only the agreed damaged parts of the property*".
- It would have covered some of the items at the start of the claim so will need to take account of this.

### **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 said in my provisional decision that I thought Tesco should cover all repairs except the cost of replacing the kitchen extension roof. Tesco said the new roof window shouldn't be covered but didn't provide any new evidence to support this.

As I said in my provisional decision, the cracked tiles and damaged window on the kitchen extension roof are consistent with storm damage. Miss T's builder's invoice shows that he repaired the flashing around the roof extension windows as well as replace the "*damaged/missing parts of frame*" around one of them. I'm satisfied that these were reasonable repairs given the storm damage evident in the surveyor's photos and Tesco is liable for them. That's a separate issue from whether it should pay for the extension roof to be replaced.

I asked both parties to respond to my provisional decision with an estimate of what the replacement roof alone cost, so that I could deduct this amount from any refund. Miss T's builder's estimate was £1,250, excluding VAT. Tesco's was £1,008.60, also excluding VAT. I think these quotes are broadly similar, so I'm happy to accept Miss T's builder's estimate given he carried out the work.

Tesco asked to review the builder's invoice. We provided this and Tesco hasn't come back to us with any comments. As I said in my provisional decision: "*I think the rest of the work set out in Miss T's builder's final invoice looks consistent with repairs to the damage seen in the surveyor's photos.*" I've seen nothing to change my mind on this point.

Tesco says it covered some items at the start of the claim. As far as I can see, it only ever offered Miss T a cash settlement which Miss T rejected. I haven't seen any evidence that it covered any costs during the claim. So I don't accept this point.

Having reviewed the case file again in full, I see no reason to change my provisional decision. I think Tesco should pay the costs of all the claim related works – less the cost of the replacement kitchen roof extension – subject to Miss T providing appropriate receipts/proof of payment. For the avoidance of doubt, Tesco can deduct Miss T's policy excess from this.

The full cost of repairs was £7,275 and Miss T's builder's estimate for the replacement roof was £1,250. Both exclude VAT. So I think a reasonable estimate for the cost of repairing the storm damage to Miss T's home is £6,025 (excluding VAT). This is the amount I think Tesco should refund Miss T. It should also add interest to this amount at 8% simple per year from the date Miss T paid her builder to the date it settles the claim. If Miss T can show that she paid VAT, Tesco should refund this amount as well.

Finally, neither party commented on my proposed award to reflect the distress Tesco's handling of the claim caused Miss T. I see no reason to change this.

## **My final decision**

My final decision is I uphold the complaint for the same reasons set out in my provisional decision. I order Tesco Underwriting Limited to:

- Refund Miss T £6,050, less the policy excess, subject to Miss T providing appropriate receipts/proof of payment.
- Add interest to this refund at 8% simple per year from the date she paid her builder to the date of settlement\*.
- If Miss T paid VAT, refund this sum, plus interest as above.
- Pay Miss T £250 to reflect the distress and inconvenience its handling of the claim caused her.

\*If Tesco Underwriting Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss T how much it's taken off. It should also give Miss T a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 2 August 2023.

Simon Begley  
**Ombudsman**