

The complaint

Mr H complains that Fairmead Insurance Limited unfairly declined his claim for a range cooker following a flood at a property he owns.

What happened

Mr H had home insurance for a property he owned and rented out as a holiday let. The insurance was underwritten by Fairmead. In February 2021 there was a flood at the property and he made a claim on the policy which was accepted.

As part of this Mr H claimed for a damaged range cooker. Fairmead declined this part of the claim as it said the cooker had been working when its loss adjuster had inspected it. And Mr H had arranged for the cooker to be removed without its authority. It said it had then been left in the garden for some time, and it wasn't until after this that it was inspected by a specialist. It said by this time it had been exposed to the elements so it's most likely the reason it was not repairable now was because it had been left outside and not because of the flood.

Mr H also made claims for loss of rent. However Fairmead didn't accept one as it said the policy only covered bookings that were confirmed before the flood and this one was made after it had happened. It also said it had reached the policy limit for contents, so couldn't pay for all of his costs under this part of the claim.

Mr H wasn't happy with this and some other elements of the claim. He made a complaint, in which he said:

- He had a heating engineer look at the cooker before it was removed and they also concluded it was damaged and unlikely to be repairable. This is why it was removed in the first place.
- He also said that Fairmead hadn't paid out enough for his contents claim. He said while it had said it had paid up to the policy limit, it hadn't provided evidence of this. And it had included items such as blinds and carpets, that should be included under his buildings cover instead.
- Fairmead had declined to cover the cost of his utility bills while repairs were carried out when he usually wouldn't have to cover these costs.
- He also didn't think it was fair that Fairmead declined his claim for loss of rent as he said the guest was a repeat customer who always stayed at the property the same time each year, so it was an arrangement in place before the flood.

Fairmead didn't uphold his complaint so he brought it to this service.

Our investigator considered the issues and recommended the complaint be upheld in part. He thought Mr H had done enough to show that his cooker was most likely damaged by the flood and thought Fairmead should pay 50% of the cost of a replacement. However he thought it had acted fairly in how it dealt with the contents claim. And didn't think it should pay for the utility bills. He also thought it had acted fairly by declining his claim for loss of rent due to the fact the booking was made after the flood had happened, so didn't meet the

conditions of the policy cover.

Mr H didn't agree with our investigator's outcome. He said the booking he was claiming for was a repeat booker who stayed at the same time twice each year, so she was always intending to stay in September, not just after the flood happened. He also thought he had provided enough evidence to show that his cooker had been damaged by the flood so thought this should be covered in full. And he didn't think Fairmead had acted fairly by refusing to pay his utility bills as this was for usage by its contractors only. Finally he thought as the blinds and carpets were fixed, they should be included in his buildings claim and maintained he hadn't received the full settlement for his contents claim.

Fairmead also didn't agree. It said Mr H had prejudiced its position by removing the cooker and putting it outside, which meant by the time the specialist inspected it, any damage would have worsened. It said as it hadn't had the opportunity to inspect it before it was removed, it could have been possible to repair the cooker for a much smaller amount. So it didn't agree it should make any contribution to a replacement.

As agreement wasn't reached, the complaint came to me to decide.

In July 2023 I issued a provisional decision that stated as follows:

'Cooker

Fairmead has said it has declined Mr H's claim for the cooker as it doesn't think Mr H has done enough to show that it was damaged irreparably due to the flood. It's said when its loss adjuster inspected it, it was working.

I've considered the evidence provided and I think Mr H has done enough to show a valid claim here. While Fairmead's loss adjuster inspected the kitchen at the start of the claim, and said that the cooker was working, it's provided no report to show the level of inspection carried out or the checks that were done to show it was functioning.

Mr H has provided two reports from two different experts who inspected the cooker. The first is from a heating engineer who inspected the cooker before its removal. He stated:

'The gas [cooker] was removed from the property but before it was removed I tested it and was unable to get it to work. This was most likely due to water entering into the unit during the flood.'

While this report is dated after the cooker was removed, the comment relates to an inspection carried out before. As this is from a heating engineer and says the cooker was inspected before it was removed, this persuades me that the cooker was likely damaged before it was put outside.

The second report is from a specialist in the specific type of cooker Mr H has claimed for. And they inspected the cooker after it was removed and concluded it wasn't economically viable to repair.

While I appreciate by this stage the cooker had been left outside for a period of time. And Fairmead has said that it spoke to the expert and they said the damage could have been from the elements, as well as the flood. I have to consider this alongside the other evidence. And Mr H has also provided a report from an inspection before the removal stating the cooker wasn't working. Further, Fairmead has accepted a claim for extensive damage from the flood to the kitchen. This includes the replacement of units either side of the cooker. Mr H's second report goes on to comment:

'Unfortunately when water gets into the insulation of the machine it makes it almost impossible to repair'

As there was significant damage to the areas all around where the cooker was installed, it seems highly likely that water would have also got into the cooker. And this is also supported by Mr H's first report stating the machine wasn't working when it was still installed.

Based on this I think Mr H has done enough to show that his cooker was damaged irreparably by the flood and therefore that he has a valid claim. I am therefore minded to require Fairmead to include the full cost of a replacement cooker in its settlement.

Loss of rent

Mr H's policy provides cover for:

'Loss of hiring charges for bookings actually made and confirmed with You prior to and in the event of the Holiday home being so damaged as to render it uninhabitable by any cause for which reimbursement is provided under Section 1A of this Policy.'

Mr H has provided an email between him and his potential guest. This is from after the flood happened in February 2021 and in it he explains that her stay in April that year won't be able to go ahead. He offers her the option of rolling the stay forward to September that year instead.

The policy terms are clear that any bookings that are covered must have been confirmed before the insured event happens. And the email provided is after the flood has happened. While Mr H has said that the guest stays twice every year, an intention to book isn't enough for the policy term to apply. It only applies where there is a confirmed booking and this was confirmed before the event. As I've seen no evidence that a booking was confirmed for September before the flood happened, I am persuaded that Fairmead acted fairly by declining Mr H's claim for the lost hiring charges.

Utility bills

Mr H has also said he thinks Fairmead should cover the cost of the utility bills during the time repairs have been taking place. As if its contractors hadn't been using the electricity he would have disabled it as he has with other utilities.

I've considered this but I don't think Fairmead has acted unfairly by not covering these costs. These are amounts that Mr H would have to pay for outside of an insurance claim. If there hadn't been a flood then he would have to pay for the usage at the property. And it isn't unreasonable that Fairmead's contractors require the electricity to remain on while they carry out repairs. Additionally, there is no policy cover for utility bills. For these reasons I don't think Fairmead has acted unreasonably by declining this part of the claim.

Contents

Mr H thinks that the blinds and carpets at the property should be included as part of his buildings claim, rather than the contents.

Buildings insurance usually includes all items in the home that are permanent fixtures in the property. Mr H's policy defines buildings as: 'Any permanent structure used for domestic purposes within the grounds of Your Holiday home including: Fixtures and fittings...' And contents is defined as: 'Household goods, carpets and personal Property. Money and

Valuables all belonging to or the responsibility of You or Your Family contained in the Holiday home'

Mr H has said he thinks the carpets and fixed blinds should be covered under buildings rather than contents. The policy lays out that carpets are included under the contents cover, so Fairmead has acted in line with the policy terms in this regard.

While I understand Mr H's position about the fitted blinds, I don't think these could reasonably be considered as 'buildings'. They don't form part of the permanent structure. And they can be easily removed so couldn't reasonably be described as a fixture or fitting of the property. And while they are made to fit Mr H's property and may not fit elsewhere, this isn't the consideration when it comes to determining what amounts to contents.

Based on this I think Fairmead has acted fairly by not including these items in the claim settlement under the buildings cover.

Mr H has also said Fairmead hasn't paid the full amount it owes for his contents claim. His policy schedule confirms the limit for contents is £28,071. Fairmead has said this is the amount it has paid in total to Mr H for his contents claim. It's provided the following breakdown for when each payment was made:

15 April 2021 - £395.62

12 January 2022 - £2,231.00

14 April 2022 - £7,211.75

25 May 2022 - £18,232.63

If Mr H hasn't received any one of these payments then he should speak to Fairmead directly in order to resolve the issue. But from what I've seen it has made payments up to the limit of the policy, so I won't require it to do anything differently in this regard.'

Response to my provisional decision

Fairmead responded to say it didn't agree it should pay for Mr H's replacement cooker. It provided comment from its loss adjuster who said that he had inspected the cooker and it had been working after the flood. And that it was removed from the property before they had the chance to do a more formal inspection.

Mr H responded disagreeing with my decision. In summary he said:

- Fairmead hadn't paid the full amount for the contents claim, and he hadn't been able to get any clarity from it about where the payments were made to or what they were for.
- The blinds in the property should be included as buildings rather than contents as they are attached to the building.
- The booking he is claiming loss of rent for was made before the flood happened and he has provided proof of this from his guest.
- The cost of utilities relating to the claim should be covered by Fairmead as he would usually have rental income to cover the cost of these bills.

Second provisional decision

Following my provisional decision, I asked Fairmead to provide more detail about the payments it had made towards the contents part of the claim.

As part of this, it provided an invoice with a breakdown of all the amounts paid to its supplier that had been attributed to the contents cover. On reviewing this invoice I agreed that some elements should reasonably have been included under the buildings cover, rather than contents. These items were:

- An assessment of the building to prepare for drying works.
- Some drying work that was largely for the building rather than contents.
- Anti-microbial cleaning that was largely to the building rather than the contents.

The costs of these items added up to a total of £841.44 plus VAT, and as Mr H was only paid up to the policy limit for contents, I thought this amount should be reimbursed to him. However I also agreed there were some payments for visits included under contents that may have related to both the buildings and contents. But that this was hard to separate. So I thought Fairmead should pay a total of £1,000, plus VAT, to Mr H to make up for items that were wrongly categorised under the contents cover and therefore subject to the policy limit. As Mr H should have been paid this money as part of the original settlement, Fairmead should also pay 8% simple interest on this amount from the date of payment of the original settlement until the money is reimbursed.

I also considered Mr H's point about the distress and inconvenience caused to Mr H during this time. Fairmead took some time providing detailed information about the breakdown of the contents claim. This meant Mr H had to chase it for the information, and it wasn't until this service got involved that it provided it. When it did, it became clear that some costs had been inappropriately attributed to the contents part of the claim. Which meant the settlement Mr H received was unfairly reduced. This should have been resolved correctly in the first place, and as it wasn't it has caused a significant delay and Mr H the inconvenience of chasing the information.

Fairmead has also caused delays in settling the claim for the cooker in full, which has caused Mr H further distress and inconvenience.

Based on this, I thought Fairmead should pay Mr H £400 compensation to apologise for the distress and inconvenience caused.

However, having considered the other complaint points, I maintained my position on the loss of rent payment, the utility bills and the blinds, for the reasons laid out in my first provisional decision.

I wrote to both sides to explain my revised provisional decision.

Response to second provisional decision

Fairmead confirmed it had no further comments to add in response to my findings.

Mr H responded with additional comments. In summary, he said:

- He didn't agree that some of the items included in the contents claim had been fairly attributed, including storage costs.
- He thought the compensation wasn't enough to make up for the time he had spent dealing with the claim.
- He didn't think it was fair that his complaints were dealt with under one decision and asked that they be separated into separate complaints for each point he raised. This would mean he could accept those he agreed with and reject those he didn't, rather than having to accept or reject the decision as a whole.

- He said he had never disputed the carpets being included in the contents claim and the fact I had referenced these in the decision shows I didn't understand the matter.

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've considered all comments received from both sides in response to my second provisional decision, but I've not been persuaded to depart from my findings.

Mr H has said that he doesn't agree the costs of storing the items of contents should be included against the contents part of the claim. He says they were stored in order for the work on the building to be carried out, so should be included in the buildings claim. I've considered this but I don't agree. The costs relating to storing contents were in order to protect the items while work was carried out to the property, in order to prevent any further need to claim on the contents cover due to damage to the items. It is also usual practice that this will be included under contents cover rather than buildings in home insurance claims. So I don't think Fairmead has acted unfairly by including these items under the contents cover.

I've also considered what Mr H has said about the level of compensation. I know Mr H feels strongly about the inaccurate information Fairmead has provided previously about the contents claim. And the time he has had to put into obtaining the correct information. And I agree this has been unreasonable. However, this service can't seek to punish a business, instead we direct them to pay compensation to make up for distress it has caused. This isn't calculated based on the value of a person's time, or their salary. Instead, we consider the impact any delays or poor service has had on the customer.

Here, I agree Fairmead has caused significant delays by not providing the right information promptly. And this has caused some distress and inconvenience. £400 is in line with what this service has directed on complaints with similar circumstances. So I think it is fair compensation in the circumstances.

I've also considered Mr H's request to separate his complaint into each individual issue, however I don't think this would be a fair approach. Mr H has raised a number of issues to Fairmead, and this isn't uncommon as part of one complaint. In order to ensure the complaint was dealt with in its entirety, I have dealt with each point he has raised in one decision. And it wouldn't be fair to now separate these just because Mr H doesn't agree with my determination on every one.

Mr H has also raised issues about my first provisional decision. He says I referred to carpets being included in contents when this wasn't something he had ever disputed. I apologise for including this if it wasn't in dispute at the time. However regardless, this doesn't change my position on the outcome of the claim. And I maintain my position that the blinds would reasonably be included in contents cover, rather than buildings for the reasons previously outlined.

I've also considered what Mr H has said about utility bills, but it hasn't changed the position I laid out in my initial provisional decision. While I accept he may not have had to pay for bills when the property is rented, as these would be covered by rental payments, this isn't something that is covered by the policy apart from as part of a successful loss of rent claim. So I don't think Fairmead acted unfairly by not paying these amounts.

Putting things right

For the reasons I've given, I see no reason to depart from the findings laid out in my second provisional decision. I therefore direct Fairmead to:

- Accept Mr H's claim for a replacement range cooker and include the full cost of a replacement in the claim settlement.
- Pay 8% interest on the additional amount paid, from the date of the original settlement to the date the remainder is paid.
- Reimburse Mr H £1,000 plus VAT for the items unfairly attributed to the contents claim.
- Pay 8% interest on these amounts from the date of the original settlement until they are reimbursed.
- Pay Mr H £400 compensation.

My final decision

For the reasons I've given, I uphold Mr H's complaint and direct Fairmead Insurance Limited to carry out the directions under the 'putting things right' section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 29 December 2023.

Sophie Goodyear
Ombudsman