

The complaint

Mrs S has complained that Gresham Insurance Company Limited has caused delays and failed to properly deal with a claim she made under a home insurance policy. Her husband Mr S leads as a representative of Mrs S in her complaint. So for ease I've mainly referred to Mr S in my decision.

All reference to the insurer Gresham in my decision includes its agents.

What happened

Mrs S made a claim to Gresham for water damage to their home in March 2022.

Mr S raised complaints to Gresham and the Loss Adjuster (LA) appointed by Gresham. Gresham responded to Mr S's complaints on 16 June 2022.

Mr S raised further complaints in June 2022, which Gresham replied to on 8 September 2022.

Mr S contacted this service in February 2023 and asked us to look at his complaints.

In May 2022 Gresham issued a cash settlement payment to Mr S for their buildings insurance claim and their contents claim (for a hallway carpet).

The complaints this service can look at are the ones Gresham responded to in September 2022, which Mr S raised in June 2022. This is because Mr S was given six months to bring his complaint to us from the date of a final response from Gresham. So I cannot consider the complaints Gresham responded to on 16 June 2022, as Mr S contacted us after the six month timeframe.

In June 2022 Mr S was asked by the LA to provide a quote from an independent contractor to support his view that the cash settlement offer was unreasonable. Mr S was unhappy that Gresham wouldn't accept the costs he'd provided for the works which were considerably higher than the LA's scope.

Mr S however did provide a scope of works from a contractor, which Gresham said it would have a second contractor review. But due to existing workloads, Gresham instead reviewed the quote internally - and in September 2022 it didn't uphold Mr S's complaint about this. Gresham said it was satisfied it had fairly priced the works against its own contractor rates and its cash settlement was fair. It reiterated that it could not share its pricing for the works as this is commercially sensitive information.

Gresham accepted that some of it and the LA's communication with Mr S had been poor at times. For this it offered Mr S £100 compensation for the distress and inconvenience caused.

In August 2023 our Investigator issued her view. She said she didn't think Gresham should pay Mr S's contractor rates for the scope of works. But she thought as Gresham had chosen to settle the claim by way of a cash settlement, it should take into consideration what it would cost Mr S to have the works done. She recommended Gresham reassess the quote in line with the remaining terms and conditions and remove its limit of liability on the scope of works.

Mr S said he was happy with the recommendation for Gresham to reassess its process and its offer. But he said his complaint about the LA - and Gresham's procedural issues - hadn't been addressed.

Gresham didn't agree. It said the policy says that if it settles a claim as a cash settlement, the most it will pay is what it would pay its approved contractor for the works. It said it offered for an approved contractor to carry out the works for Mr S in April 2022. But Mr S wanted to use his preferred contractor - and this wasn't something Gresham could agree to as it said it would use one of its network of available contractors once the works was assigned.

So Gresham said it had settled the claim reasonably as a cash settlement and in line with the policy.

I issued a provisional decision on 6 November 2023. I thought Gresham's cash settlement was fair and in line with the policy.

Gresham accepted my provisional decision. Mrs S didn't reply. So the case has been passed back to me for a final decision.

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.

“As I haven't received any new information, my final decision is on the same lines as my provisional decision. My provisional findings were;

As I've said, I can only consider the complaints Mr S raised after Gresham's final response dated 16 June 2022, which it responded to on 8 September 2022.

I can see that on 28 July 2022 Mr S asked the LA questions about a mandate he intended to provide from his preferred contractor. If Mr S is unhappy about the response - or lack of - in relation to this issue, he will need to raise this as a complaint to Gresham first. If he has received a final response, and he remains unhappy, he can ask us to then look at that complaint separately to my decision.

I can see that in its final response dated 16 June 2022 Gresham said it would ask the LA to call Mr S to discuss the cash settlement with him and provide guidance, where possible on what the differences are.

It was as a result of the subsequent calls between Mr S and the LA that the LA suggested Mr S obtain a quote from his preferred contractor which it would review. Having provided a quote, Gresham reviewed it - but said that it was satisfied its cash settlement payment was fair.

On 29 April 2022 Gresham gave Mr S the option to have an approved network contractor carry out the works for the cash equivalent price it offered as a settlement alternative to Mr S. I can see that Mr S wanted to know who the contractor would be and a start date before he would agree to this option. Gresham explained that it couldn't do this as it would appoint the available contractor once it received Mr S's instruction and that contractor would advise on a start date.

So, given that Gresham offered Mr S to carry out the works as an alternative to the cash settlement, which Mr S didn't agree with, I don't think Gresham should reconsider the cash settlement offer.

Gresham as the insurer is entitled to deal with the claim in line with the policy. It provided the option for Mr S to have an approved contractor appointed by Gresham to carry out the repairs. It provided a reasonable explanation as to why it couldn't meet Mr S's requirements - or it would pay a cash settlement for the equivalent amount. Gresham's policy says:”

‘Settling claims (except liability)

“We can choose to settle your claim by repairing, rebuilding, giving you an equivalent replacement or making a payment.

If we are able to repair, rebuild or replace your property but agree to settle using cash or voucher we will only pay you what it would have cost us to repair, rebuild or replace it.’

“As Mr S didn’t agree with the settlement amount, he was given the opportunity to provide an alternative quote which Gresham considered. But having done so, it remains of the view that it has fairly settled Mr S’s claim. And I think it has done so in a fair way and in line with the policy. So I don’t intend to ask Gresham to do any more.

I think Gresham’s offer of £100 compensation for the distress and inconvenience caused by some poor communication by it and the LA is reasonable.”

My final decision

My final decision is that I think Gresham has done enough to resolve Mrs S’s complaint from its reply dated 8 September 2022. So I don’t uphold the complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs S to accept or reject my decision before 4 January 2024.

Geraldine Newbold
Ombudsman