

The complaint

Mr S complains about U K Insurance Limited (“UKI”) for its cash settlement offer following a substantial leak at his home. He wants UKI to increase its offer of settlement to match the quotes he has received.

What happened

Mr S insured his home with UKI.

In May 2023 his home suffered an escape of water. A flexi hose pipe burst under the sink in the upstairs bathroom, causing extensive water damage to a number of rooms.

Mr S submitted a claim to UKI

UKI sent its assessor to Mr S’s home around 6 days after the claim. The assessor was an agent for UKI and they prepared a report of the damage and a schedule of remedial work.

Mr S did not wish the contractor to carry out repairs as he had seen bad reviews of the company and he felt that the contractor would cut corners in his repairs, leaving him with a poor standard of work. He declined a further appointment to further assess the damage.

UKI offered Mr S a cash settlement sum based on the cost it would have incurred if its own contractors had carried out the repairs.

Mr S obtained his own quotes and provided these to UKI.

The quotes Mr S had obtained were substantially higher than UKI’s offer. Mr S felt that this was evidence that the standard of repairs being offered by UKI’s contractors was lower.

Mr S complained to UKI. He was upset that the sum offered was lower than he could obtain repairs, and he was also concerned that UKI had refused to replace his table and chairs which he said were damaged by the escape of water.

UKI sent its final response in July 2023. UKI maintained its cash settlement offer and explained that this was reached in line with the policy terms. It declined cover for the table and chairs as it said the legs of these were made from non-porous material and were not damaged by the leak. It considered that these could be cleaned rather than replaced.

Mr S was not happy and contacted us.

Our investigator has looked into this matter and set out their view. They did not recommend that the complaint be upheld because the cash settlement was reached in line with the policy terms. They did not consider that it was unreasonable to offer cleaning rather than replacement of the table and chairs.

Mr S did not accept that view and asked for an ombudsman 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.

I have read my colleague's view, and this is thorough and reasoned. As the investigator set out, the terms for the settlement allow the business to offer cash settlement based on the amount it would have cost the business to carry out the works itself.

We expect that businesses properly indemnify customers and so our approach is that a business must offer a sufficient offer to repair the damage. I can see that the business offered for its contractors to carry out the repairs and Mr S did not want to have UKI's contractors do the work. It also offered cleaning for the table and chairs in the first instance.

Mr S is entitled to decline and to engage his own contractors, but where a consumer chooses to cash settle instead of have repairs done then the business is entitled to calculate settlement using its own negotiated rates.

UKI has provided the scope of works which was used as basis of its settlement to us and this matches the work quoted by Mr S's contractors, save that UKI declined to settle some damage which was considered was not caused by the leak.

I am satisfied that UKI has calculated its cash settlement offer fairly, and in line with the policy terms. It has offered Mr S that it can carry out the repairs and I would expect that this offer remains open to Mr S.

If he chooses to have UKI carry out the repairs he would be able to expect a reasonable standard of work to restore his property to its previous condition. If UKI did not achieve this, then Mr S would be able to complain about the standard of work done at that time.

If Mr S still does not wish UKI to carry out the repairs, then I think UKI's cash settlement offer is fair and in line with our usual approach.

Consequently, I agree with the investigator's view, and I do not uphold Mr S's complaint. I realise that this will be disappointing to Mr S but I hope that it is clear why I have reached it. I hope Mr S is able to commence repairs quickly and have his home restored to its previous condition.

My final decision

For the reasons given above, I do not uphold Mr S's complaint and I do not ask UK Insurance Limited to do anything further.

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

Laura Garvin-Smith
Ombudsman