

The complaint

Ms M complains about how esure Insurance Limited (“esure”) dealt with an escape of water claim she made on her home insurance policy.

Ms M’s complaint is brought by a representative but for ease of reference I’ll refer to Ms M throughout my decision.

What happened

Ms M had a home insurance policy with esure.

At the end of February 2019 there was an escape of water from a mains supply pipe to the bath in Ms M’s home. She says liability was accepted by esure and she provided authority for esure to liaise with her representative in order to deal with the repairs.

Ms M says things moved very slowly and eventually in April 2019 it was agreed dehumidifiers could be installed. Ms M wanted to arrange alternative accommodation due to her mother’s ill health but says esure didn’t agree to it.

In July 2019 dehumidifiers were installed and work began to remove plaster. But the works were delayed so Ms M says she needed to instruct her own contractor to complete the repairs. So she obtained two estimates but these weren’t agreed by esure. Ms M says esure were offering half what her contractors had estimated.

Since an agreement couldn’t be reached an independent surveyor carried out an inspection and provided a report. Ms M says the scope of work was agreed but the costs weren’t. Ms M asked that esure pay the costs as set out in the independent report. But it refused to do so. It said it had calculated costs at each stage to ensure they were accurate. Ms M says despite esure saying this it increased its final offer by almost £2,000.

Ms M complained to esure. Esure said it reviewed matters and asked its home claims management team for input. Esure said on comparing the scope of works provided by its own agent and the loss assessor the costs were considerably more. Esure said it was satisfied the costs quoted by its agent were fair and so it wouldn’t increase its offer.

Because Ms M remained dissatisfied she referred her complaint to this service. One of our investigators looked into things for her. He said based on what he’d seen he was unable to say the settlement needed to be increased. He agreed there had been delays and recommended esure pay £200 for the trouble and upset caused.

Ms M didn’t agree, and so the complaint has come to me to decide.

My provisional decision

I recently issues a provisional decision setting out my thoughts on the key complaint points and how I thought matters might best be resolved. I said;

“There is a lot of information about the claim Ms M made, and I’ve looked through everything provided. The detail is well known to both Ms M and esure so I haven’t described the claim in any great detail here. I’ll comment on any relevant evidence where appropriate to explain my decision. It is not my intention to minimise the effect the claim has had on Ms M, and in particular her late mother. I recognise the impact the matter has had and I empathise with the difficulties she’s clearly faced.

Like most home insurance policies, Ms M’s provides cover if her home is damaged by a range of insured events. These events are listed in the policy and include storm, flood, fire, escape of water, and theft, amongst other things. So I’ve looked at the policy to determine whether the claim Ms M has made falls within the terms of the policy.

In the section ‘What is covered’ the policy says, “Escape of water/burst pipes. We will pay for loss or damage to your buildings or contents as a result of water escaping from water tanks, pipes, fixed equipment, any domestic appliance or fixed heating systems, or as a result of water freezing in water tanks, equipment or pipes.”

So I’m satisfied Ms M’s claim was one that esure should pay the cost of in line with the policy terms and conditions.

Alternative Accommodation

Most buildings insurance policies provide cover for alternative accommodation, often referred to as AA. The purpose of the cover is to pay for the reasonable additional costs of temporarily rehousing the policyholder when the home becomes uninhabitable. We take ‘additional’ to mean costs above and beyond what a consumer would usually pay if the claim hadn’t arisen.

I note the report from the initial surveyor dated 26 March 2019, soon after the incident stated, “no AA since property has kitchen and bathroom facilities as well as electric and heating.” So I think it’s reasonable that alternative accommodation wasn’t offered from the outset.

Ms M’s mother was elderly and disabled. The details of her ailments aren’t known. Esure was aware of the vulnerabilities and says it worked around them as much as possible. And review of the contact notes shows Ms M’s mother was going to live with relatives when the work to the bathroom was being completed and so alternative accommodation wasn’t offered. And I think this was reasonable in the circumstances.

Ms M was paid a disturbance allowance for the period Ms M’s mother lived with relatives. This isn’t compensation for disturbance or inconvenience; rather its compensation for actual extra costs incurred by remaining at home, or with a relative. The industry standard for the payment is a rate of £10 per day per adult. So I’m satisfied esure’s offer of £300 for three weeks is reasonable.

Delays

I can see this matter has gone on for a number of years; with the initial escape of water occurring in February 2019. I can see that Ms M’s mother’s ill health, delays due to lockdowns, and the delays caused in trying to agree a way forward between esure and Ms M’s representative have contributed significantly to the delays.

I appreciate esure did try to assist Ms M during a difficult time but it seems the matter has been prolonged, contributing to further distress and inconvenience to Ms M. esure didn’t

manage Ms M's expectations well since Ms M was under the impression her claim would be paid in full once the independent report had been received. But that didn't happen.

Esure has already covered some costs of the claim including a disturbance allowance for the three-week period the bathroom was being repaired, and the amount up to its final settlement offer, less any applicable excess. And I think esure tried to be fair to Ms M in agreeing to instruct the independent assessor and reviewing its offer and increasing it by £1,700.

But it doesn't have a never-ending liability to Ms M or this claim. And so I think it is appropriate to now bring the matter to an end and settle things fairly. It is therefore my intention to uphold Ms M's complaint. I will discuss this further below.

Settlement of claim

The policy is clear in how claims are settled. In the terms and conditions it says the following; "If your buildings suffer loss or damage as a result of any of the circumstances listed in your policy booklet, we can choose to;

- pay the cost of work carried out to rebuild, replace or repair Your Buildings; or*
- arrange for Your Buildings to be rebuilt, replaced or repaired; or*
- pay the difference between the market value of the Buildings immediately before the loss or damage happened and the market value immediately after the loss or damage happened. If repair or replacement cannot be economically carried out, any payment We make will not exceed the Rebuilding Cost"*

In the section titled 'How we settle your claim,' the policy says, "Where it is possible to rebuild, replace or repair your buildings but you do not agree with these settlement options. We will pay you cash based on the rebuild, replacement, or repair cost to us."

On review of the information provided to me by both parties I can see a lot of work has gone into trying to resolve the claim for Ms M. esure agreed to the instruction of an independent assessor to scope and cost the works when it realised the position between the two parties were so far apart. And I think this was reasonable in the circumstances.

I have seen a number of costings and scope of work as detailed below;

- 1. 15/09/2019 - £19,200 plus VAT*
- 2. undated - £17,950 plus VAT*
- 3. 23/01/2020 - scope of work from esure*
- 4. £10,103.44 - from esure; less the excess plus £300 disturbance allowance, plus £1171.68. Total £11,225.12*
- 5. 08/02/2021 - Independent instruction £18,470.29 plus VAT*

I note from the covering letter for the independent report it details some limitations of the report; that the property wasn't seen at the time of the loss so the report relies on quotations supplied by others to determine the work. And it cannot say for certain whether the works scheduled were needed but featured in the other quotations.

I also note esure's schedule says, "the schedule is underspecified and inadequate." The independent surveyor also notes esure's report is lacking in detail and contains errors. On that basis I don't think it's fair for esure to rely on its schedule to calculate the settlement.

It's not clear why esure agreed to instruct an independent assessor if it was going to disregard its findings. I would have expected the report to be used as a basis for negotiation of a reasonable and appropriate settlement. But I can't see that this happened.

The report from the jointly agreed independent surveyor is detailed, thorough, and persuasive. The work is broken down and each item is costed.

In similar cases, where there are two parties giving significantly different opinions on costs based on expert opinion, I might have suggested appointing an additional independent expert to provide an opinion. But that's what's already happened in this case, prior to our service's involvement.

Having considered the third (independent) surveyor's report, I'm satisfied he is sufficiently qualified and that his opinion is genuinely independent of esure and Ms M.

While I don't doubt each of the experts, appointment by esure or Ms M, have approached this case as impartially as they can, I can't ignore that each were also acting as agents of the respective parties; the contractors quoting for Ms M, and the surveyor acting for esure. Whereas the chartered surveyor was appointed specifically to provide an impartial opinion after having considered the evidence and costs already proposed by both sides.

Based on the above I consider the independent to be the most impartial of the available expert evidence. And taking that into account along with the surveyor's level of expertise, the content of his report and the additional comments, I also consider his opinion to be the most persuasive.

So, unless any information provided in response to this provisional decision changes my opinion, I'm intending to direct esure to increase the settlement it paid to Ms M, to the value provided by the independent surveyor. This means it must pay the difference between the amount already paid, and the costs provided by the surveyor.

Service issues

Ms M has complained about the handling of the claim. I've thought carefully about everything that happened, including how Ms M says she's been impacted by these issues. It must be noted that insurance claims like this are likely to cause some distress and inconvenience by their very nature, and that isn't the fault of the insurer. But in this case, I think that further, unnecessary distress and inconvenience has been caused.

And had esure settled the claim fairly in the first instance, I don't think Ms M would've needed to continue to engage with esure, her representative, and this service in an attempt to recoup the amounts she felt she was owed under the policy. I'm satisfied this has taken time and effort from Ms M, and I don't doubt it would have been both stressful and upsetting during that process. Our investigator recommended esure pay £200 to recognise the trouble and upset. But I think in the circumstances £450 is fair and falls in line with our service's approach. So I intend to direct esure to pay this additional amount."

Response to my provisional decision

I asked both parties to send me any further evidence or arguments they wanted me to consider. Ms M accepted my findings. Esure didn't provide any new information or evidence.

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.

In light of the fact that Miss M agreed with my findings set out in my provisional decision (which I've reproduced here and which forms part of this final decision), and esure didn't respond, I'm satisfied it represents an appropriate way to resolve the dispute. For the reasons set out above I'm upholding Ms M's complaint.

Putting things right

I require esure Insurance Limited to:

- Settle Ms M's claim at £18,470.29. Less any amount already paid by way of interim payment
- Add interest, at an annual rate of 8% simple, to the above, from the date the original settlement was paid to the date of settlement
- Pay Ms M £450 for the distress and inconvenience caused

My final decision

For the reasons explained I uphold this complaint and direct esure Insurance Limited to do what I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 8 January 2024.

Kiran Clair
Ombudsman