

## **The complaint**

Mr C and Mrs F complain about HDI Global Specialty SE ('HDI')'s handling of their buildings insurance claim.

All references to HDI also include its appointed agents.

## **What happened**

Below is intended to be a summary of what happened and does not therefore include a full timeline or list every point that has been made.

- Mr C and Mrs F made a claim around February 2021 regarding drainage issues at their rental property. This had caused issues of raising the flooring in the newer section of the property.
- HDI initially declined the claim. Following this Mr C and Mrs F provided reports from a structural engineer, setting out the cause of damage related to drainage at the property. HDI then accepted the claim and arranged repairs.
- Mr C and Mrs F disputed HDI's proposed method of repair would resolve the issues. Following repairs, issues continued to exist, so Mr C and Mrs F hired their own contractor to carry out works to reroute drains under the property. HDI agreed to cover the cost of this and the cost of the structural surveyor.
- Following this a scope of work was agreed to repair damage at the property. This work began around October 2022.
- Mr C and Mrs F returned to the property from holiday whilst works were ongoing. They discovered works carried out had deviated from the scope of work they agreed with HDI. They requested work be paused and asked HDI why the work had changed without them being informed.
- HDI said the construction of the flooring in the older part of the house was substandard and the original builder cut corners when building the property in the early 1960's.
- It said it found the flooring shallower in depth than it expected, and its contractor said the insulation used in the original construction was incorrect. HDI offered to make good the area it has worked on, in line with current building regulations, but it says because the issue relates to poor workmanship, it is excluded under terms of the policy. So, it has removed the flooring from the scope of works and is not covering this aspect.
- Mr C and Mrs F raised a complaint about HDI's handling of their claim. HDI didn't provide a response. So, Mr C and Mrs F brought their complaint to our service.

Our investigator recommended Mr C and Mrs F's complaint be upheld.

To put things right she recommended HDI:

- Cash settle the claim based on the work set out in the schedule of works agreed in October 2022.

- HDI pay Mr C and Mrs F £350 compensation for the inconvenience its actions caused them in its handling of their claim.
- Put right the damage relating to the flooring at the property and honour what it initially agreed in its scope prior to work commencing.

#### *What my decision considers*

I'm aware there have been further developments in this case, which has changed the issues I intend to look at here. In particular, I can see a new dispute exists regarding the settlement HDI has since offered for the claim.

However, my decision only considers events up to December 2022 – which relates now to the journey of the claim up to this date and the dispute regarding the flooring issue at the property. Any reference to events beyond this date, and covered in HDI's subsequent final response in September 2023, are for contextual purposes only.

#### **My provisional decision**

I issued a provisional decision on 28 November 2023 in my provisional findings, I said:

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*Having done so, I intend to uphold the complaint. I'll explain why.*

#### *The flooring*

*I've reviewed the comments from HDI's contractor regarding the flooring. It does point out a defect was found under the original concrete slab, and it was concerned a large area of the property had been built this way. However, I've not seen any investigations or photos that support this was the case – and if the whole floor didn't meet regulations at the time it was built, I would expect HDI to specifically tell me what regulations applied, and which ones were not met.*

*HDI said by replacing the floor, as it has set out in the scope of works, it would be putting Mr C and Mrs F in a better position. However, I consider in this case it was fair and reasonable to carry out a full and effective repair under the policy. I've not been pointed to anything that persuades me the floor didn't meet regulations or that this extended to the whole of the property, namely in the parts subject to the claim (which Mr C and Mrs F have set out to be newer parts of the construction).*

*So, while I appreciate HDI had potential concerns, I don't think it did enough to justify its decision to amend the scope of works. Therefore, I intend to direct HDI to offer Mr C and Mrs F a cash settlement of the reasonable cost to them of carrying out the work relating to the flooring. This should be based on the work set out in the final scope agreed upon prior to work commencing around October 2022.*

#### *The journey of the claim*

*Mr C and Mrs F have provided information that has challenged and altered the direction of the claim on more than one occasion. I'm pleased HDI agreed to cover costs of repairs to reroute the drains and for the structural surveyor. But it took them around three months to acknowledge the drains were the cause of damage and proceed with further investigation, at the inconvenience of Mr C and Mrs F.*

*I can also see HDI has delayed providing responses to Mr C and Mrs F on several*

*occasions, including when the works changed in October 2022. Ongoing matters also caused Mr C and Mrs F issues with their tenants, which would have added to the inconvenience they experienced.*

*In the circumstances I think the £350 compensation recommended by our investigator is reasonable in reflecting the inconvenience HDI's actions caused Mr C and Mrs F.*

#### *Cash Settlement*

*It doesn't appear to be in dispute about proceeding to a cash settlement, and I can see Mr C and Mrs F have since had works carried out independently.*

*However, for completeness, I do think it was reasonable in the circumstances for the claim to be cash settled.*

*Mr C and Mrs F have had to seek further opinions from experts, which have changed the course of the claim, on more than one occasion, and it is clear they lost faith in HDI.*

*Mr C and Mrs F have had works carried out, which differ in part, so it would be hard to set out what the costs to Mr C and Mrs F would have been. However, I do think it reasonable for the settlement to be based on the final scope of work agreed between Mr C and Mrs F and HDI prior to work commencing. And it is fair HDI should consider reasonable costs to Mr C and Mrs F on production of sufficient evidence.*

#### *Putting things right*

*To put things right I intend to direct HDI to:*

- Provide a cash settlement regarding the flooring. This settlement should consider making right any existing damage and completion of the work originally agreed under the final scope of works that commenced in part in October 2022.*
- Pay Mr C and Mrs F £350 compensation."*

### **Responses to my provisional decision**

HDI have not provided any response to my provisional findings.

Mr C and Mrs F agreed with my provisional findings.

### **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 everything again and my decision, and reasoning, remain the same as set out in my provisional findings.

#### **Putting things right**

To put things right HDI should:

- Provide a cash settlement regarding the flooring. This settlement should consider making right any existing damage and completion of the work originally agreed under the final scope of works that commenced in part in October 2022.
- Pay Mr C and Mrs F £350 compensation.

**My final decision**

My final decision is that I uphold Mr C and Mrs F's complaint.

To put things right, I direct HDI Global Specialty SE to do as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs F to accept or reject my decision before 9 January 2024.

Michael Baronti  
**Ombudsman**