

13 May 2024
CSL# KAE:2324485
REF#

(02) 6362 5433
admin@cheneysuthers.com.au
www.cheneysuthers.com.au

Cheney Suthers Lawyers
First Floor, 173 Lords Place, Orange
NSW 2800
34 Bank Street, Molong NSW 2866
PO Box 318 Orange NSW 2800
ABN 83 627 280 344

BY EMAIL ONLY

Standing Committee on Economics
PO Box 6021
Parliament House
Canberra ACT 2600

Dear Dr Mulino MP

Tracy Michael Scott v GIO - Insurance Complaint

We act on behalf of Mr Tracy Scott in relation to a claim for insurance.

Tracy lives at Wyangala in the Cowra Shire. He is 69 years old and lives with his older intellectually disabled sister and their dog on rural acreage. Tracy himself has complex medical conditions including PTSD, social anxiety, Lupus and vision impairment. He and his sister are extremely vulnerable.

We are instructed to share his experience via written submission to the Parliamentary Inquiry into the Insurer's responses to 2022 major flood claims. We **enclose** a copy of our recent correspondence lodged with the Australian Financial Complaints Authority, which details Mr Scott's experience.

In every aspect of his claim, Mr Scott deserves better.

Mr Scott paid his insurance premiums and had his claim accepted by the insurer, however some 18 months later he is still battling to return to his home. He is a vulnerable customer and his vulnerabilities are well known to the insurer. In circumstances where the insurer has failed to communicate properly with its third-party suppliers, Mr Scott is reliving his trauma all over again by having to explain himself and continues to fight to be believed by his insurer. He is now experiencing stress and ongoing trauma at the hands of his insurer.

CSL# KAE:2324485
REF#

**Cheney
Suthers**

We hope that his experience can contribute to the Inquiry's findings.

Yours faithfully,

Cheney Suthers Lawyers



Kirsty Evans

Director

13 May 2024
CSL# KAE:2324485
REF#

(02) 6362 5433
admin@cheneysuthers.com.au
www.cheneysuthers.com.au

Cheney Suthers Lawyers
First Floor, 173 Lords Place, Orange
NSW 2800
34 Bank Street, Molong NSW 2866
PO Box 318 Orange NSW 2800
ABN 83 627 280 344

BY EMAIL ONLY

Australian Financial Complaints Authority Limited
GPO Box 3
Melbourne, VIC 3001

Dear Sir/Madam

Tracy Michael Scott v GIO - Insurance Complaint

We act for a GIO customer, Mr Tracy Scott, who was impacted by the November 2022 flood event. We have today lodged a complaint with your office in relation to our client's insurance claim. This letter is provided in support of that claim.

1. History of our client's policy and claim

- 1.1 Tracy lives at Wyangala in the Cowra Shire. He is 69 years old and lives with his older intellectually disabled sister and their dog on rural acreage. Tracy himself has complex medical conditions including PTSD, social anxiety, Lupus and vision impairment. He and his sister are extremely vulnerable. They have no other family supports.
- 1.2 Tracy's 1980s 5 bedroom brick home was flooded after 130 megalitres of water was released from Wyangala Dam during the November 2022 storm event.
- 1.3 Since the flood 18 months ago, they have been living first in a shed, and then in a caravan on the property, which he purchased for that purpose. GIO cash settled for the caravan in August 2023. GIO has provided a portable ensuite and shade cloth and has paid for their electricity since the flood to cover the significant heating and cooling costs.
- 1.4 Tracy had been paying significant premiums to GIO for coverage of over \$1million during the life of his policy. His claim was accepted without issue. However, the Building Contractor GIO sent to undertake the strip out and rectification works did not meet professional standards and caused further damage to his property. The initial builder damaged the concrete slab with jack hammers, damaged wooden window sills, cracked

tiles in the bathrooms, threw tiles and rubble down the drains leading to additional plumbing work, destroyed the rockery garden, and dumped building rubble and old carpet in the garden beds and lawns, so Tracy couldn't mow.

- 1.5 Significantly, when Tracy tried to tell GIO about his concerns with the initial builder, he was accused of lying. GIO wrote a letter to Tracy in May 2023 about maintenance issues at his home, with a threat of cancelling his policy if he did not carry out the general maintenance which he was unable to do due to his vulnerability and the poor state the initial builder left the property in.

2. Our involvement in the matter and progress of the claim

- 2.1 Tracy consulted us in July 2023, some 8 months after the flood, because the repairs had still not commenced. He was being pressured by GIO to sign off on a Building Contract which he knew did not include all of the items to be rectified. The Contract was for just under \$190,000, despite the home requiring complete rectification and cover under his \$1mil policy. In addition, the initial builder said it had identified a crack in the concrete slab which was unrelated to the flood event and which Tracy would have to have fixed before it would start the rectification works.
- 2.2 GIO sent its Assessor out on 11 August 2024 to inspect the premises, after which it was acknowledged that the house had still not been stripped out properly by the initial builder. The Assessor was apologetic to Tracy, who finally felt that he had been believed by GIO. He has said to us that he felt he had been "*fobbed off as old and stupid*" before our involvement. It was not until after this inspection, 10 months after the flood, that Tracy's claim was referred to a "*Specialist Customer Care Team*" due to his vulnerability. Why this had not been identified earlier remains unexplained.
- 2.3 In September 2023 the Contract Price was increased to around \$250,000, but Tracy still had to get the slab fixed himself before they would commence work. The initial builder required that Tracy and his sister move to temporary accommodation while they undertook the works.
- 2.4 This was too much for Tracy. The stress he has been under has impacted significantly on his PTSD. He was extremely concerned about the impact a move would have on his sister. Tracy requested that he be allowed to stay in the caravan, some 30 metres from the house, during the construction works.
- 2.5 GIO is well aware of Tracy's medical history and, to its credit, has made some accommodations for his difficult condition, including increasing font size on email

communications and reimbursing the purchase cost of the caravan to enable Tracy to stay on-site with his sister and dog during construction.

3. Appointment of new builder

- 3.1 Eventually, GIO appointed a new Builder in October to undertake the rectification works. They inspected on 19 October 2023 and were happy for Tracy to stay on-site and did not need the non-event related slab works to be completed. They told Tracy at the inspection that they would construct a dog fence around the caravan so that the dog would not need to be tied up for the duration of the construction works. The new Builder was upfront and said they could not commence works until after Christmas, which Tracy was happy with.
- 3.2 The new Builder was very critical of GIO's initial Builder. GIO provided the new Scope of Works, redacted to remove the pricing, in early November 2023 – almost a year after the flood event. The Contract was sent for Tracy to sign on 30 November 2023. It does not have a price for the building works and provides a Completion date of 26 April 2024. As GIO had previously approved works and the cost, Tracy signed the Contract in order to get the rectification works underway.
- 3.3 Construction of a dog fence is contained in the Scope of Works. GIO and its new Builder agreed to construct the dog fence as priority number 1 in early February 2024 and then again in late February 2024. It was, in fact, not constructed until May 2024, and then only after significant involvement on our part and Tracy booking surgery to take place on 6 May, requiring the dog to be secured.
- 3.4 Tracy was diagnosed with internal bleeding in early February 2024, resulting from ulcers caused by stress. Tracy is convinced that the significant stress since the flood event, living in a caravan for 18 months, and dealing with the insurance claim and builders, has caused his medical condition. The chronic illness and pain have a significant impact on his mood and his ability to manage his PTSD. He underwent surgery on 6 May 2024.
- 3.5 In March 2024 Tracy suffered fractured ribs and exacerbation of a spinal injury when his dog lunged at his neighbour's dogs, pulling him to the ground. This would not have occurred had the dog fence been up (as the dog would not have been on a lead), and Tracy blames the new Builder and the insurer for this incident and his injuries.
- 3.6 While Tracy was initially very pleased with the new Builder and its subcontractor, over the months, there have been numerous events which have eroded his trust, often involving people not turning up when they say they will, contractors leaving early for the day,

making selections on appliances or fixtures without his involvement, telling Tracy he has to pay for items which are clearly covered in the Scope of Works (air-conditioner, fire insert, oven), having his solar system disconnected leading to loss of feed-in tariffs for 6 months, or being told one thing by one person and then something contradictory by another (like the fencer had been booked, when the fencer told Tracy that he had not). Tracy has convinced himself that the Contractor is trying to rip him off by installing inferior products (which has happened several times) and asking him to pay for items which should be covered by the insurer.

3.6 We have prepared and submitted a separate list of matters encountered by Tracy in the repair of his home. We **enclose** a copy of this list for your records.

We have repeatedly asked GIO to ensure its Loss Assessor keeps a tight rein on the claim. Unfortunately, he has had several periods of extended leave due to personal matters. During these periods, things seem to go awry.

Throughout the claim, we have stressed to GIO the need for openness and honesty with Tracy, to maintain his trust in the process and the participants, and so that he feels that he is cared about. We have also stressed to Tracy the need to try to keep the Builders and contractors on side and on-site, in order to get him back into his home as quickly as possible. However, the past 18 months has been an extremely difficult ordeal for Tracy.

We have communicated with GIO many times that our client's eyesight is poor. GIO usually uses an increased font size when emailing him. However, the builder has sent Tracy the kitchen specs on his phone and then at an on-site meeting said to Tracy, *"It's not our problem that you can't read them..."*.

In order to resolve this matter and to move it forward, GIO must:

- (a) properly inform its third-party contractors about the vulnerability of Tracy;
- (b) properly inform its third-party contractors of the appropriate processes to be followed to allow Tracy to select the fixtures and fittings for his home;
- (c) properly inform its third-party contractors of what items are within the scope of works;
- (d) attend on site weekly to manage the rebuild so our client is not required to constantly correct defects in the builders work;

CSL# KAE:2324485
REF#

**Cheney
Suthers**

- (e) not to blame Tracy for being upset with the builder, when a lot of the miscommunication could have been avoided had GIO instructed its third-party builders properly at the commencement of the matter; and
- (f) not threaten that the builder will leave site due to Tracy's responses to the builder's actions. There needs to be an immediate response by GIO to get a claims consultant onsite to manage the claim asap to ensure the builder is aware of the scope of works, what is required of him and to facilitate communication with Tracy.

We hope that our claim to AFCA can facilitate meaningful communication and expedite a resolution in Tracy's matter. We are extremely concerned for Tracy's welfare if the matter continues on its current trajectory.

Yours faithfully,

Cheney Suthers Lawyers



Kirsty Evans

Director

Items for Assessment

Item	Related issues
Air conditioning	<p>The builder requested that our client pay for the air conditioning despite it being included in Scope of Works.</p> <p>This was upsetting for our client as it was already covered off in the Scope of Works. The air conditioning has now been installed by a Subcontractor, and we understand that Subcontractor has not been paid.</p>
Bathtub	<p>Builder has selected bathtub without input from client, and the item installed is inferior quality to the existing.</p> <p>At no time did the builder show our client a bathtub for selection. The builder selected the bathtub himself.</p> <p>Our client spoke to the builder about the material used to construct the bathtub and the builder responded, <i>"they don't make them [bathtub] any thicker than that anymore"</i>.</p>
Carpet	<p>The builder had the local carpet installer come out to measure up the carpet area to be replaced in our client's property when GIO has already paid this out to our client under contents.</p> <p>This was upsetting for our client as he was already paid for the carpet and our client wanted to select the carpet himself.</p>
Dishwasher	<p>The builder requested that our client pay for the dishwasher despite it being included in Scope of Works.</p> <p>Our client has not yet been asked to select the dishwasher despite the kitchen being underway.</p>
Dog fence	<p>This item was included in the Scope of Works in October 2023. It was agreed in February 2024 that a dog fence would be erected at the property as a matter of priority. The Builder advised our client he could not construct the fence until gates had been welded. The fence wasn't</p>

	<p>complete until 3 May 2024 and only after significant stress to our client and pressure from our office. The latch on the fence remains incomplete as the gates do not line up properly. They need to be rehung. The Builder had advised our client that the fencer had been booked. When on-site, the fencer told our client that he had to try to squeeze the work in around other jobs and it may not be finished before 6 May 2024 (the date of our client's surgery).</p> <p>The fencer asked what type of gates our client wanted (IE – they were not being manufactured specially) and used pre-fabricated gates rather than bespoke welded gates.</p> <p>The fencer had gates with him which he welded while onsite. There is still a gap in the gates as the fencer ran out of steel.</p>
Doorknobs	<p>While the builder enquired with our client about preference for lever vs knob, the builder then installed the cheapest option (chrome doorknobs) which did not match the existing, and also put them on the external doors which weren't required.</p> <p>The builder made a selection without our client's authorisation.</p> <p>Our client agreed to the internal doorknobs to remain as he didn't want to cause a fuss.</p>
Fire Insert	<p>The builder initially requested that our client pay for the fire insert despite it being included in Scope of Works.</p> <p>Our client was told a like for like fire insert was not available and a TS Kent fire insert would be put in.</p> <p>Our client did not have a choice as to which insert was used. Our client discovered by chance that a cheap and smaller fire insert was installed instead. It is inferior and does not cover the entire fire place, as the existing fire insert did. GIO and builder have advised it will be removed and replaced.</p>

	<p>The builder has requested that our client find a fire insert now because the builder cant find one himself.</p> <p>This causes further delay and inconvenience to our client.</p> <p>When the builder went to install the fire he said to our client "the fire you picked didn't fit". Our client replied "What fire? I never picked a fire."</p>
Gas cook top	<p>The builder requested that our client pay for the gas cook top despite it being included in Scope of Works.</p>
Hot Water Service	<p>Builder has purchased replacement without consulting client. Client wants a Rheem HWS to match existing. Builder has made selection without client's input or authorisation.</p>
Kitchen cabinetry	<p>Our client had an existing solid timber kitchen. He informed the builder he would like the kitchen cabinetry to match his pre-existing wooden kitchen. The builder tried to convince him to put in a cheap, prefabricated kitchen. Our client refused. The builder showed him photos on his phone, which our client approved on the condition it was constructed of timber. The replacement kitchen installed is made of chipboard and melamine. Our client insists on like for like replacement of a timber kitchen.</p> <p>The builder sent specifications which our client was to review on his phone. The writing was in small font and our client could not read the font. When our client queried this with the builder, a representative for the builder said, "<i>Well it's not our fault you can't see them.</i>"</p>
Laundry tub	<p>The builder has selected a smaller tub than the existing, without input from our client.</p> <p>Builder said "<i>I got the biggest one they make. I don't think they make a bigger one anymore.</i>"</p> <p>Our client replied: "<i>Well you better look out for one.</i>"</p>

	<p>The issue is that the builder has selected the item and installed same without our client's selection or approval.</p>
Oven	<p>The builder told our client that a double, self-cleaning oven, like his pre-existing oven, could not be ordered because it was no longer made. Our client found his exact pre-existing oven online at Harvey Norman. Our client was told by the builder it would take 2 months to obtain the oven, but it appeared available for immediate purchase from Harvey Norman.</p> <p>The builder now has the oven on site, but it is not connected. It is the same oven. Had our client not located the oven, the builder would have selected an item himself of inferior quality.</p>
Pool cleaned	<p>The Builder has spent time attending to the pool cleaning, rather than constructing the dog fence. Our client holds concerns as to why the pool cleaning would not be carried out once the required works have been completed to avoid the need for the pool to be cleaned again.</p>
Plumbing	<p>Our client is concerned that the gas and plumbing works have been undertaken by an apprentice without supervision of a licenced plumber.</p>
Shade sails	<p>The builder appeared uninterested in installing the shade sail over the caravan, despite the agreement it would be a priority. He said by April there will be no need for the shade sail anyway. The shade sail was ultimately installed in mid-March.</p>
Solar disconnected	<p>Our client's solar to the property was disconnected, presumably when Ambrose electrician was installing new Power Points. Our client only discovered this when he realised he had not received solar feed-in tariffs on his electricity bills for around 6 months. He paid a private electrician to reconnect (which has been reimbursed by GIO).</p>

Tiling	<p>Tiling has been completed by the builder, rather than a qualified tiler. Floor tiles in main bathroom are not laid flush, and foot catches on them.</p> <p>(Client paid \$14,200 to the builder to supply and fit tiles in the previously carpeted areas (lounge, dining and hallway), which were paid out by GIO under contents policy)</p> <p>Our client said to the builder "I will take you to Court". Our client doesn't want the tiles uneven. They need to be replaced and not used with filler.</p>
Toilets	<p>Our client was asked by the builder what toilets he would like installed. Our client responded, "not cheap ones". Three toilets were installed into our client's property without his approval or authorisation.</p> <p>Additionally, the builders have been using our client's ensuite to go to the toilet.</p>
Window	<p>Our client holds concerns as to whether the internal windowsill in the kitchen needs to be replaced.</p> <p>We understand the builder wants to tile underneath the kitchen window which needs repairing. This won't match the remainder of windows in our client's property. Our client requires it to be replaced with wood and painted in gloss to match the other windows and the existing. The builder has now agreed to install wood and gloss paint.</p>