

The complaint

Mrs G is unhappy with the decision by U K Insurance Limited (UKI) to reject her home insurance claim for water damage to her kitchen floor.

What happened

In March 2019 when Mrs G had someone out to look at replacing her kitchen floor, it was noticed that some of her kitchen units had sunk slightly. She made a claim to UKI who sent out a contractor to review the damage. That contractor concluded that there was evidence of dry rot and woodworm infestation in the floorboards and joists. They drew up a scope of works and collected £350 excess from Mrs G. However UKI then advised her that Mrs G needed to get a report on the rot, since there was no cover for dry rot or infestation under the policy. Mrs G contacted a specialist who inspected the damage. They concluded that:

“No obvious signs of moisture could be detected during my visit, areas tested with a damp meter returned acceptable readings, I would conclude that the floor has decayed over time due to leaks or condensation build up in this area which has always housed a dishwasher.”

Based on this UKI concluded that the damage had occurred gradually over a long period of time and wasn't covered under the policy. It agreed that it had provided poor customer service in respect of her complaint and paid Mrs G £100.

On referral to this service our investigator thought that UKI should pay Mrs G's cost of repair which she had paid out, as she couldn't have been expected to know that damage was gradually occurring.

UKI disagreed and the matter has been passed to me for further consideration.

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.

It's very difficult to be precise about what caused the damage to Mrs G's floor. This is because the damage must have happened some time ago, and according to the specialist she instructed, it was wet at some stage but has dried out. I have to decide in my view what is most likely to have happened, taking into account the evidence. I think it's clear that this isn't a dry rot or infestation problem, but at some stage the floorboards and joists have rotted. This is in the area where there's always been a dishwasher so I think it fair to say that the damage was caused at some stage by a leak behind the dishwasher. It can't have been a very big leak, as the damage appears to have only been to the immediate area.

UKI has pointed to the exclusion in the policy for any damage caused gradually. Our approach is that it's only fair to rely on that exclusion if the consumer must have been aware of the damage happening and did nothing about it. Here the probable leak was behind the dishwasher and didn't spread out very far into the kitchen. I don't think it's fair to suggest that

Mrs G could possibly have known about this until it was noticed that the kitchen units had sunk slightly. In the circumstances I don't think it was fair of UKI to reject the claim.

Putting things right

UKI should pay Mrs G's costs for repairing the damage. I understand that these amounted to £1,600 for the repair to the joists, £640 for flooring and £300 for fitting, a total of £2,540. It should pay that sum on production of the invoice by Mrs G. Looking at the scope of works I think this fairly reflects the necessary repairs. I note that Mrs G paid a £350 excess. I'm not sure if this was refunded to her. If it was it would be fair for UKI to deduct the excess from any settlement. UKI should also pay simple interest* at 8% on the payment from the date it was paid by Mrs G until it reimburses her.

*U K Insurance Limited is required by HM Revenue and Customs to deduct tax from any interest paid. Should Mrs G request it, it should provide her with a certificate showing how much tax has been taken off so that, if appropriate, she can reclaim it.

My final decision

I uphold the complaint and require U K Insurance Limited to act as I've set out under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 22 December 2020.

Ray Lawley
Ombudsman