

The complaint

Mr R complains about U K Insurance Limited's (UKI) handling of his claim for damage caused by an escape of water under his home insurance policy.

What happened

In October 2020 Mr R discovered damage to the floor of his summer house bathroom. A section of the floor had collapsed. This was thought to be the result of a leaking pipe. Mr R arranged for the pipe to be repaired and contacted UKI to make a claim under his policy.

UKI sent two surveyors to inspect the damage. The first visited in January 2021 but reported the inspection was curtailed due to instructions from Mr R's loss assessor. The second surveyor visited in February. Both provided reports that concluded there were long standing issues with dampness in the void beneath the summer house floor. This caused the timbers to decay and allowed wet and dry rot to develop.

UKI's surveyors thought the area of floor beneath the leaking pipe had degraded more quickly. But this wasn't the reason for the widespread timber decay. There was a lack of ventilation to the sub-floor voids, a large amount of natural ground water within this area, and it was thought some penetrating dampness had occurred to joists abutting the masonry walls of the summer house.

UKI offered a settlement payment to cover some of the repairs needed. This payment offer relates to the damaged bathroom. It says its policy terms exclude the inherent issues highlighted by its surveyors as gradual causes resulting from faulty design.

Mr R obtained his own report from a contractor specialising in damp issues. The report says the problems are the result of the leaking pipe. And that no evidence of dry rot was found at the time of the inspection in January 2022. Recommendations were made for the joists to be replaced, ventilation provided to the sub-floor voids and all flooring to be replaced. The contractor provided a quote to complete the work it recommended.

Mr R didn't think UKI's offer was fair. He wanted it to cover the cost of all repairs needed to the summer house and referred his complaint to our service. Our investigator didn't uphold his complaint. He thought UKI's surveyor's reports were persuasive that there was long standing damage that wasn't linked to the leaking pipe.

Mr R says UKI's offer doesn't cover the damage caused by the leak and raises concerns with its surveyor's reports. He asked that an ombudsman review his complaint.

It has been passed to me to decide.

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.

Having done so I have decided not to uphold this complaint. I understand Mr R will be

disappointed, but I will explain why I think my decision is fair.

My remit is to decide whether it was fair for UKI to offer the settlement payment it did, for the reasons it gave. I've relied, in part, on the expert reports provided by both parties to decide whether Mr R has shown that an insured event occurred, and whether UKI has shown it fairly relied on a valid exclusion when not agreeing to pay the full cost of repairs.

Mr R says damage was caused by an escape of water. The policy terms say:

*"Your buildings are covered for loss or damage caused by:
Water or oil escaping from fixed water or heating systems."*

There is no dispute that there was a leak from a pipe from the bathroom in Mr R's summer house. UKI acknowledges this was responsible for some of the damage identified. However, it doesn't think the escape of water is the underlying cause of the damage or the wider damage it identified to the summer house flooring and sub-floor timbers.

I've read the surveyors reports and the report from Mr R's damp specialist contractor to understand their findings.

Copied below are the relevant excerpts from the report provided by UKI's first surveyor:

"the main cause of timber decay and infestation to the building overall is considered to be the result of the large amount of natural ground water within the floor void areas, and lack of any ventilation to the confined sub-floor voids. This will cause high ambient moisture levels within the voids, promoting timber decay and infestation to the built-in timber floor boards and joists over time.

Where there is visible dampness to the floor boards and joists at the junction with the external walls to the front, right-gable and rear elevations as noted, this may be due to some degree of penetrating dampness where the exposed timber floor board and joist ends directly butt up against the masonry, with only visible damp proof membrane to the underside of the joists.

The more significant wet rot timber decay and recent failure of the floor boards and joists directly below the ensuite shower room is considered to be the result of a fairly long-term escape of water from the services/sanitary fittings within the ensuite. This may be due to defective seals or waste outlet to the shower unit, and/or leaking pipework in the area of the WC and sink unit. It is not possible to confirm this where the flooring and pipework has been removed, and only a partial inspection was possible, due to directives from the Loss Assessor. It is likely that some degree of timber decay and infestation was present to the floor timbers below the ensuite prior to any escape of water, where general conditions are consistent with the main floor voids as detailed above."

Relevant excerpts from UKI's second surveyor's report are set out below:

"The floor to the entrance of the building when entering is very 'spongy' suggesting significant failure of the floor structure. The floor had totally collapsed to the en-suite bathroom.

...There are a number of in built issues which have in turn exacerbated the water damage.

These are;

1. No under floor ventilation

2. The drainage pipe for the shower had been taken through a floor joist. The cutting of the joist to make room for the pipe rendered the joist structurally defective.

There are cracks present to the corners of the building. The water damage is not wholly directly linked to the cracking. The depth of the foundations is unknown, the cracking could be as a result of heave due to the saturation of the sub soil, however, there is significant nearby heavy vegetation including Ivy growing up the rear walls. It is unknown how well the corners of the building are toothed together. These are all contributory factors and the issues and not a direct result of the escape of water.

The water and lack of under floor ventilation has manifested for some time and allowed the growth of dry rot mycelium along with significant wet rot and saturated floor boarding thus causing the collapse of the floor to the entrance and bathroom.

The building has suffered water ingress through the roof and is now temporarily covered with a tarpaulin to the rear of the roof. Damage is in the form of destruction of finishes to the en-suite including, floor coverings, low level timber work and wall finishes. The en-suite furniture and wall tiling will need to be removed to allow the substructure to dry out.

The floor joists, flooring and en-suite walling will require removal. Due to the presence of dry rot mycelium, all timber will be required to be disposed by a specialist remover.

Floor joists will need to be replaced along with the floor boarding, and associated finishes along with a new en-suite fit out.

In light of the findings derived from our inspection(s), the building has many inherent issues and it is likely there will be further issues.”

Mr R's contractor provided a report following an inspection that took place approximately one year after UKI's inspections. Relevant excerpts from this report are copied below:

“At the time of our inspection, there was extreme movement felt underfoot to all areas of the floor. In some areas, the floor was unsafe to walk across due to the condition of the joists. Accessing the subfloor void allowed a thorough inspection of the timbers. All of the subfloor timbers were rotten and soft to the touch. when pressure was applied to the timbers with an object, the object went straight into the timber with little to no resistance. It appears the source of the issue was caused by a leak from one of the water pipes in the sub-floor void below the bathroom, this leak as now been repaired.

The moisture levels and timber damage in the sub-floor void below the bathroom were much greater then the remaining sub-floor area however, the leak has caused high moisture levels within the whole of the subfloor void. This is creating extremely high humid conditions in the subfloor void. These humid conditions have caused the timbers to decay and become structurally unsound however, no Dry Rot was found on our inspection.

I would recommend replacing all of the subfloor joists with treated joists with the ends wrapped with a damp proof membrane to protect them from moisture within the bricks. To help with the humid conditions I would recommend increasing the subfloor airbrick vents (See floor plan attached) to allow more airflow to the sub-floor, reducing the humidity levels creating a dryer environment for the timbers.”

Both UKI and Mr R's contractor agree that there is extensive damage to the joists and flooring. They also agree that the sub-floor ventilation is inadequate. However, Mr R's contractor considers all damage relates to the escape of water, whereas UKI believes this is caused by longstanding issues that pre-date the leak. The first surveyor highlights large amounts of natural ground water in the sub-floor voids, a lack of ventilation and the presence

of wet and dry rot. He says the high ambient moisture levels allowed rot to become established over time causing the damage.

Mr R's contractor reported no signs of dry rot. But, the first surveyor's report includes photos highlighting multiple areas where dry rot is visible and is reported to have caused deterioration of the joists and floorboards. This is throughout the sub-floor void area, not limited to the area where the escape of water occurred.

From the same report photos were included to support the damage identified to several joists. Significant cracks can be seen in the photos, and the surveyor was able to reveal deteriorated timber using a screwdriver. Again, this deterioration is shown throughout the sub-floor void area.

I acknowledge Mr R's comments that ventilation is present to the sub-floor void. He has supplied a photo showing an airbrick to support this point. From the surveyors reports this vent wasn't observed. I don't dispute Mr R's comments that this is in place. But it is clear that both surveyor's and Mr R's contractor all agree the sub-floor ventilation is inadequate.

Mr R disputes UKI's view that a joist has failed beneath the bathroom, where a notch had been cut to allow a drainage pipe from the shower to pass through. He doesn't think the joist has failed and says UKI refused to employ a structural engineer to verify this further. He comments further to say he thinks the surveyor's report is misleading and his expert has shown the escape of water is the cause of the damage.

We asked UKI for its comments on Mr R's report. It responded to say this doesn't provide substantive information that requires a revision of its surveyor's decision. It says all the report shows is there was a pre-existing damp issue resulting in timber rot. It says the report wasn't written by a qualified building surveyor. It says it suggested to Mr R that a qualified building surveyor should be employed if he chose to obtain a report. UKI says the contractor isn't acting independently in making a judgement on the potential cause and is looking to deal with the restoration of the damage.

I have thought about the difference in opinion as to the cause of the damage. We aren't experts and must rely on the expert opinion provided when considering if an insurer has treated their customer fairly. In this case UKI obtained two reports from Royal Institute of Chartered Surveyors (RICS) registered surveyors. The reports are very detailed and include numerous photos to support the issues identified. I think the findings set out in these reports are persuasive.

Mr R's contractor isn't a RICS registered surveyor. He does have the Certified Surveyor in Remedial Treatment (CSRT) qualification. But I'm not persuaded that Mr R's contractor is better qualified to determine the cause of the damage. The report he provided is less detailed and doesn't have the supporting photos included with UKI's reports. The contractor also quoted to carry out remedial works, so I think UKI's comment they aren't independent, is fair. Having consider this I'm more persuaded by UKI's inspection reports.

UKI refers to its policy terms that it says excludes the large part of the damage found with Mr R's property. The terms, under the section entitled "*This policy doesn't cover*" say:

"Just like most insurers we don't cover

*Damage caused by rot, fungus, woodworm, beetles, moths, insects or vermin
Any damage caused gradually
Faulty workmanship, faulty design or the use of faulty materials."*

The damage is thought to be the result of rot and the lack of sub-floor ventilation. I think the terms show that these causes are excluded from cover. UKI offered a partial payment of the overall repair costs it estimated. This relates to the repairs required in the bathroom. It linked this to the escape of water – albeit its surveyors thought damage had already occurred prior to the leak. In the circumstances I think this was fair. But I'm not persuaded that the report Mr R provided should be preferred over the reports UKI obtained from the RICS surveyors. I don't think Mr R has shown that an increased payment to cover more of the repairs is appropriate

I note Mr R's comments that he doesn't think the surveyors acted professionally in relation to the RICS code. It's not within my remit to consider this. What I've considered is whether it was fair for UKI to rely on the expert opinions it obtained, which I think it was.

I'm sorry that Mr R's summer house requires repairs and I can understand it's disappointing that the full cost of this isn't covered by his insurance. But having considered all of this I don't think UKI treated Mr R unfairly when relying on its policy terms and offering a partial settlement payment for the claim he made. So, I can't reasonably ask it to do any more.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 13 June 2022.

Mike Waldron
Ombudsman