

## **The complaint**

Mr and Mrs S complain that Tesco Underwriting Limited unfairly declined a claim they made under their home insurance policy.

Tesco is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of its agents. As Tesco has accepted it is accountable for the actions of the agents, in my decision, any reference to Tesco includes the actions of the agents.

## **What happened**

In mid-2023, Mr and Mrs S made a claim under their home insurance policy for damage caused by a leaking toilet. Mr and Mrs S provided confirmation of the cause from a plumber, an estimate of the cost of repairs and some photographs of the damage.

Tesco arranged for a surveyor to visit the property to review the damage and costs. Following this, Tesco declined Mr and Mrs S's claim.

Mr and Mrs S raised a complaint, but Tesco maintained its position. It said the surveyor had advised that the damage to their property was consistent with gradual loss that had happened over a period of time, and this was excluded under the terms of the policy.

Mr and Mrs S remained unhappy and asked our service to consider the matter. After our investigator made Tesco aware that Mr and Mrs S were also unhappy about the delay in providing them with an outcome to the claim, it offered to pay them £200.

Our investigator didn't think Tesco's decision to decline Mr and Mrs S's claim was unfair. And he thought Tesco's offer of £200 was enough to compensate them for the distress and inconvenience they'd experienced as a result of its poor claim handling.

Mr and Mrs S disagreed with our investigator's outcome. They said there was no damage to their walls or skirting boards prior to them going on holiday. They believed the damage had only presented itself after the heating in their home had been turned off while they were away. They said evidence on the internet suggested damage to MDF skirting boards and discolouration can occur quickly after they become damp.

Mr and Mrs S commented that leaks could occur suddenly or over a period of time. They said the leak was a one-off event from the period it commenced to the period it was mended. They felt the surveyor had contradicted himself by admitting there was a leak and then saying the damage was due to 'wear and tear'. They said their kitchen was two years old and the conservatory was one year old at the time of the assessment and questioned if this level of wear and tear would be expected in the timescale since they were built.

Mr and Mrs S said they didn't think Tesco's offer of £200 properly reflected the distress they'd experienced. It had taken nearly six months to resolve their claim with numerous appeals to Tesco to make a decision.

As Mr and Mrs S disagree with our investigator's outcome, their complaint 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've reached broadly the same conclusions as our investigator. I'll explain why.

The relevant industry rules say an insurer should handle claims promptly and fairly and it shouldn't unreasonably reject a claim.

In declining Mr and Mrs S's claim, Tesco has referred to wording in the policy's terms and conditions which excludes loss or damage *"that happens gradually over a period of time"*. This wording is found next to the insured peril of *"Water or oil escaping from any fixed domestic water or heating installation, including underground drains and pipes or from any domestic appliance."*

Tesco has also referred to a general policy exclusion which says a policyholder is not covered for:

*"loss or damage that would not have arisen if there had not been a failure to deal with existing damage that would have been noticeable, you were aware of and/or where there has been an unreasonable delay in starting to deal with the damage."*

Mr and Mrs S say they first noticed the damage to their property after returning from a week's holiday. They say there wasn't any visible damage prior to them going away.

According to the surveyor's report, the surveyor visited the property around a month after Mr and Mrs S made their claim. The report says:

*"The damage at your property is consistent with age related wear and tear and gradual deterioration as such is declined under the general exclusions page of your policy documents."*

The surveyor's report describes saturation and mould swelling as being evident in plasterboard, walls and skirting boards of the kitchen, conservatory and toilet.

The surveyor also provided some further comments for Tesco:

*"My findings are based on the significant mould evident and also swelling to the skirting boards which suggest this has been ongoing. This amount of damage cannot have manifested within a short period when the customer was away on holiday."*

Mr S says that from his own research mould can build up over a period of 48 hours. However, the pictures suggest the damage had developed over a much longer period of time. In addition to varying degrees of mould, skirting boards appear to be swollen and cracked, and paint is peeling off the walls in certain areas. This is evident in the photographs Mr S has provided which he says were taken around a week after they returned from holiday. So, I think it's likely that there would have been noticeable damage before Mr and Mrs S went away.

Based on what I've seen, I think it was reasonable for Tesco to have concluded that the damage was consistent with a gradual loss that happened over a period of time. So, I think it was fair for it to have declined Mr and Mrs S's claim for the reason it did.

Mr and Mrs S have also raised concerns about the length of time it took Tesco to deal with their claim and poor communication. It looks like Tesco sent the surveyor to view the damage because it wasn't able to validate their claim with the information they'd provided, and the estimated cost of repairs seemed high. I think this was reasonable.

Tesco doesn't appear to have advised Mr and Mrs S of its decision to decline their claim until around two months after the surveyor's visit. This was after Mrs S had called and emailed it a number of times to chase for an update. However, Tesco has offered Mr and Mrs S £200 compensation for its poor service, and I think this reasonably recognises the distress and inconvenience it's caused them.

I appreciate my answer will be disappointing for Mr and Mrs S, but I'm satisfied that Tesco's decision to decline their claim was fair and reasonable, in line with the policy's terms and conditions.

### **Putting things right**

Tesco should pay Mr and Mrs S £200 for distress and inconvenience.

### **My final decision**

Tesco Underwriting Limited has already made an offer to pay £200 to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is that Tesco Underwriting Limited should pay Mr and Mrs S £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs S to accept or reject my decision before 8 April 2024.

Anne Muscroft  
**Ombudsman**