

The complaint

Mr and Mrs N complain that Tesco Underwriting Limited (Tesco) declined a claim made under their home insurance policy.

What happened

Mr and Mrs N have a home insurance policy underwritten by Tesco. During a routine service and inspection of their drainage system and sewage treatment plant, which includes a soakaway, it was found to be backing up.

This was considered an emergency by Mr and Mrs N as they believed their home was at risk of being flooded with sewage if the issue wasn't resolved. So, they arranged for works to be carried out to redirect the flow to relieve the back up and prevent future issues occurring.

Mr and Mrs N subsequently made a claim to Tesco for reimbursement of the costs they incurred when having the drainage works completed.

Tesco declined the claim. They said the works Mr and Mrs N had carried out were preventative, and an insured event hadn't occurred under the policy terms.

Mr and Mrs N remained unhappy with Tesco's position and approached the Financial Ombudsman Service.

One of our investigators looked into things but she didn't uphold the complaint. She said she recognised that Mr and Mrs N had carried out drainage works to prevent risk of damage to their property, but she didn't think this was covered under their insurance policy.

Mr and Mrs N didn't agree and asked for a final decision from an ombudsman.

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, whilst I appreciate it will come as a disappointment to Mr and Mrs N, I've reached the same overall outcome as our investigator that Tesco hasn't acted unfairly by declining the claim.

During a routine service of Mr and Mrs N's sewage treatment plant, it was discovered that there was a soakaway problem, and the system was backing up.

I can appreciate Mr and Mrs N thought this was an emergency. They had concerns about the risk of sewage entering their property causing damage if it continued backing up. Therefore, they went ahead with arranging works to stop the potential of this occurring (imminently and in the future). However, whilst I can understand why they would want to mitigate the risk of damage, I need to consider whether what has happened is an insured event under Mr and Mrs N's insurance policy.

Having looked at all the information, I don't think it is. I'll explain why.

During the routine service, the engineer said:

"Tank water is high due to soak-away problem effluent is going over scum board and going down outlet in to soak-away

system been backing up as there are signs of effluent up the side of the manhole before tank"

Following this, the contractor appointed by Mr and Mrs N to carry out works said:

"Improvements to treatment plant drainage to relieve water backing-up in the seasonal soakaway"

So, this indicates it was improvements to the system that were required as the seasonal soakaway was unable to cope and may have continued to back up, which then might have caused damage to Mr and Mrs N's property. However, the policy doesn't cover preventative work, or upgrading systems to prevent future issues. Instead, it covers specific insured events that have occurred already.

Mr and Mrs N argue that the soakaway was flooded, the pipe was blocked, and the sewage system was failing as a result. They say their policy defines buildings to include service tanks, drains and septic tanks and it also covers flooding. Therefore, they say what has happened is covered under their policy terms. However, I don't agree that it is covered, and I'll explain why.

I understand that rather than the whole system being flooded as such, the soakaway wasn't able to cope due to a rise in the water table and ground water, which resulted in the pipe backing up and being unable to drain effectively. I don't think this was 'blocked' in the traditional sense i.e. something stuck within it, rather it was unable to flow correctly and was backed up due to the soakaway being unable to cope due to groundwater levels.

But in any event, I don't think the insured event of 'flood' under the policy would apply as Mr and Mrs N argue anyway. Mr and Mrs N are correct that their insurance policy definition of 'buildings' includes drains. And they are also correct that in principle their policy covers flooding. However, the actual terms say:

"Your buildings are covered for loss or damage arising as a result of the insured incidents listed in the sections below.

5. Storm or flood."

And **flood** is defined in the policy as:

*"Water external to the **home** entering the **home** at, or below ground level."*

And **home** is defined as:

*"The private residence (including the **main building** and any garages or outbuildings) at the address stated in your schedule, used by you for domestic and home working purposes only."*

And **main building** is defined as

“Main building

*The house, bungalow, flat or maisonette which is situated at the **home** and in which you or your family live.”*

So, the starting point for a flood damage claim is that there needs to be a *flood* as defined under the policy. There needs to have been water entering the *home* as defined. But that isn't what has happened here.

Whilst the definition of *buildings* might include drains, the definition of *home* which attaches to the insured event of loss or damage by a flood is different. And it is *flooding* to the *home* as defined which is covered, and *home* as defined doesn't include the sewage/drainage system. And whilst the soakaway wasn't able to cope, which resulted in the pipe backing up, there was no water entering the *home* as defined. Therefore, flooding as defined and covered as an insured event under the policy hasn't occurred here.

The flood section of cover also specifically excludes:

“Loss or damage:

- *That does not arise from events defined as a **Storm or Flood**”*

So, this further reinforces that the flood cover doesn't extend to preventing flood damage to the *home* or if other areas of the home are flooded – i.e., to other areas outside the *home* (as defined) such as drainage systems.

The policy also provides cover for loss or damage caused by water escaping from a drainage installation, but there was no damage caused by water escaping here. Instead, works were carried out to prevent damage being caused, so this section of the policy wouldn't apply.

The policy also covers *Repair of sewer pipes*. But this is outlined to cover getting into and repairing a blocked pipe, but again this isn't what happened here. Instead, there was a diversion put in place as a preventative measure in case the soakaway was unable to cope, rather than a repair to the existing system without any changes or improvements.

The policy does also cover repairing *accidental damage* to drains, but I also don't consider the soakaway (or drainage system) was *damaged*. The fact here is that this didn't require repair or replacement. Instead, a diversion was installed in order to prevent it backing up in the future if the soakaway is unable to cope, so I don't think that section of the policy would apply either.

Mr and Mrs N also didn't opt to take the wider buildings cover of Accidental Damage under their policy, or the optional Home Emergency Cover, which provides additional cover for things such as blocked drains.

Whilst I appreciate Mr and Mrs N arranged improvements to their drainage system to prevent possible (either imminent or future) damage to their home occurring, this isn't something their policy covers as an insured event, so I'm satisfied Tesco has acted fairly by declining their claim.

My final decision

It's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N and Mrs N to accept or reject my decision before 11 March 2024.

Callum Milne
Ombudsman