

The complaint

Mrs S has complained that Lloyds General Insurance Limited (trading as Halifax) declined a claim she made on her buildings insurance policy for damage due to an escape of water.

What happened

At the end of April 2023, an area of the dining room floor gave way as a visitor stood on it. Mrs S contacted a builder who discovered a leak to the feed pipe to the downstairs toilet. The leak was within a boxed-in area of piping.

Lloyds appointed surveyors to inspect the property. Whilst their report said that damage to the floor and walls of the WC was consistent with an escape of water peril, they also identified that the adjoining hallway, kitchen and dining room had suffered visible long-term damage to the flooring and walls from an unknown source. The living room was suffering damage to the walls and an inspection of the external walls showed visible rising damp within the brickwork and render. The surveyors ultimately said that they were unable to determine the cause of the damage. They therefore recommended that Lloyds should appoint a personal claim consultant (PCC).

A second contractor reported that a slow leak from the WC maceration unit cold feed had damaged the majority of the ground floor, there was evidence of wood rot in the floor void and the standing water in the voids had now seeped away. Externally, heavy salting indicated that natural drying was occurring now that the leak had been repaired. But it was left for the PCC to advise on the next stages.

The PCC wrote to Mrs S in June 2023 to decline the claim. He noted that readings in the WC were showing as dry since the repair. However, he concluded that the damage to the dining room floor was not related to the escape of water. Instead, he thought it was the result of poor ventilation of the floor void, combined with rising and penetrating damp. He explained that the poor ventilation creates a build-up in humidity and condensation which, along with naturally occurring rising and penetrating/bridging damp, had caused the timbers to decay. As the damage was not due to an insured peril, it was not covered under the policy terms.

In response to the complaint, Lloyds maintained its decision to decline the claim. However, it accepted that there had been delays and poor communication from the PCC and so it offered £125 compensation.

I wrote a provisional decision earlier this month in which I explained why I was minded to uphold the complaint. Both Lloyds and Mrs S responded by accepting my findings.

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.

The policy provides cover where a property is damaged by leaking water, as long as the leak is from a home appliance, or fixed water or heating system.

It is not in dispute that there was a leak from the WC. The key question is whether the available evidence shows that leak caused some damage. If it did, Lloyds should accept the claim for that damage. Whether there happens to be other, unrelated water damage, doesn't change that position.

Putting it another way, it would only be fair for Lloyds to decline the claim outright if it could show that the WC leak didn't cause *any* damage.

As stated in my provisional decision, Lloyds itself had considered the case to be finely balanced, although it ultimately settled on poor sub-floor ventilation as being the cause of the damage.

A main part of its rationale was an apparent lack of localised damage to the WC itself. It couldn't support the idea that the water had spread out to affect other areas of the house but missed the area immediately next to the leak. However, the available evidence showed that damage to the WC had been previously identified.

The report by the surveyor states:

'Upon inspection of the WC which measures 1.3m x 0.81m x 2.03m high, we found that the damaged items were the walls and flooring in the room. In our opinion this damage is consistent with the escape of water peril.'

and:

'The leak was from the feed pipe to the toilet. This escape of water has caused damage to the WC.'

The next contractor that visited reported:

'A slow leak from the Wc maceration unit cold feed has water damaged the majority of the ground floor.....The standing water that was in the floor voids has now seeped away....The floor tiles from the hallway, wc and kitchen are damaged and require lifting.'

The PCC's own notes record:

'Hall dining kitchen walls and floor damaged and grd wc affected...'

This is consistent with Mrs S's own account, with supporting photos, of the downstairs toilet having become unusable due to the floor having dropped.

Based on the available evidence, I am not persuaded that Lloyds can rely on a lack of local damage to the WC to conclude that the leak was not the cause of the more significant damage. On the contrary, it seems clear that the professionals who visited were confident the leak had caused damage to the WC and was possibly more widespread.

As mentioned in my provisional decision, the PCC didn't seem to have reached any firm conclusions following his visit. As such, he asked for salt tests to be conducted to try and find a more definitive answer for the cause of the damage. However, the salt tests were inconclusive and so wouldn't have been helpful in reaching a decision.

The PCC highlighted some inherent issues with the construction of the property and there was evidence that there had been some historic damp problems that previous owners had attempted to remedy. Additionally, an internal wall between the entrance hall and the living room was showing signs of damp that had returned following a previous repair.

Mrs S had work done to rectify damage to the living room wall during lockdown, which indicates that it is a longer-standing problem. So, whilst I don't think that all the problems with the house are due to the leak, I think it is more likely than not that the damage Mrs S is claiming for is the result of the escape of water.

The standing water in the floor voids had already dissipated by the time of the contractor's visit on 15 May 2023. As that was following the repair, it suggests that it was directly linked to the leak. Furthermore, the contractor records the damage to the ground floor as being the result of the leak and does not reference any other possible causes.

Mrs S has raised concerns about dust now coming up through the hole in the floor, which further suggests that the void is now dry since the leak has been repaired, again suggesting the cause of the water damage in this area was directly linked to the leak and not other causes.

More recently, Mrs S has had two different builders assess the damage, both of whom concluded that the leak was the underlying cause. Whilst they are both general builders, rather than specialist damp consultants, I think their views still have some value and add to the weight of evidence that the damage is likely the result of a prolonged leak in the downstairs WC.

On balance, I think that the damage being claimed for is due to the escape of water. Therefore, I consider that Lloyds should accept the claim. In saying this, it would only be responsible for the damage caused by the leak and not any pre-existing issues apparent towards the front of the house.

With regard to the delays and poor communication, I am satisfied that £125 is reasonable compensation for the distress and inconvenience caused.

As both parties agreed with my previous findings, I see no reason to depart from the outcome I reached in my provisional decision. It follows that I uphold the complaint.

My final decision

For the reasons set out above, I uphold the complaint.

Lloyds General Insurance Limited (trading as Halifax) should accept the claim for damage caused by the leak. It should also pay the £125 offered for distress and inconvenience, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 12 April 2024.

Carole Clark
Ombudsman