

The complaint

Mr B complains that U K Insurance Limited trading as Direct Line unfairly declined a claim under his landlord insurance policy.

What happened

In August 2022, Mr B contacted Direct Line to make a claim as he'd been informed of a leak by his local water authority.

Direct Line arranged for one of their drainage and underground service suppliers – who I'll refer to as A – to attend the property in September 2022. On inspection, A said there wasn't a leak on the mains water supply feed, but rather an internal leak which wasn't covered by the policy. They advised Mr B to instruct a plumber to attend and source the leak.

Mr B hired a plumber, but they were unable to find a leak.

Mr B says the water supply continued to lose water and that cracks had started to appear in the property's walls, so in January 2023, Mr B contacted Direct Line again asking it to reconsider the claim.

Direct Line agreed to send a different supplier – who I'll refer to as C – to inspect the property and give a second opinion. C found the leak on a private supply pipe, inside the property, under the floor. They said that in the absence of any accidental damage, the cause was *"gradual operational wear and tear"*.

C said the repair wasn't covered by the policy, so Mr B paid them privately to fix it. They advised Mr B that there was potential substance.

Mr B raised a complaint to Direct Line. He said A should've found the leak within their initial visit and, because they didn't, the property has suffered structural damage. He's suffered distress and a loss of rent as a result.

Direct Line investigated the complaint. It said the policy coverage doesn't extend to damaged internal pipework, so the actions of A were correct. But in light of the unusual circumstances here – with the damaged pipe being internal but also under the sub-floor of the property – it agreed to cover the claim under the underground services extension of the policy. It said it would obtain C's invoice for the work carried out privately and reimburse this amount to Mr B. In addition, it paid him £350 compensation.

Mr B didn't think this was enough to put things right given the damage to his property and the impact it had, so he brought his complaint to our service. But our Investigator was satisfied that Direct Line didn't need to do anything more to resolve things.

Mr B didn't agree, and he's told us that Direct Line still hasn't reimbursed him for the work carried out by C.

The complaint was passed to me to decide and in April 2024 I issued the following provisional decision.

My provisional decision

Mr B's insurance policy covers him for damage to *"underground pipes...supplying services to and carrying waste from the premises to the point of junction with the public supply lines, mains and sewers"*.

A visited the property and I've seen a copy of their report, which confirms they couldn't find any leak on the water supply pipe between the stop valve in the road and the stop valve within the property. So they concluded the leak was internal, which isn't covered by the policy.

However, when C attended the property to provide a second opinion, they found a visible crack in the lead water supply pipe under the floorboards near the front threshold. So it's not clear why this leak wasn't identified by A when they claim to have checked the pipes leading into the property up to the internal stop valve. And on its face, it appears to me that A's initial review should've identified this issue.

Direct Line says these are unusual circumstances because the pipe isn't an underground pipe, but it's under the sub-floor. But the policy doesn't define "underground pipes" and the photo provided shows the pipe as being below ground level and surrounded by earth. Furthermore, it's a supply pipe bringing services into the property and falls between the internal and external stop valves – which A indicate is the scope of the investigation when it comes to underground services.

Based on this, I'm persuaded the damage to the pipe falls within the underground services section of cover and should've been identified on the initial visit to the property. And it appears to me the failure to do so has enabled the leak to continue.

Putting things right

Where I find that a business has done something wrong, I'd expect it to put the customer back in the position they would've been in had things been done correctly.

In this case, had Direct Line handled this claim correctly, it would've located and repaired the leak to the water supply pipe in September 2022. Direct Line has already said it will get details of the costs Mr B paid C and reimburse him, but Mr B says this still hasn't been done. If that's the case, he's been without these funds for over a year and for that reason, I'm inclined to award interest.

Direct Line has already paid compensation of £350. I'm satisfied this fairly reflects the distress and inconvenience Mr B was caused as a result of Direct Line's actions.

I appreciate Mr B wants further compensation due to the structural damage the leak has caused and his loss of rent. As it stands, I haven't been provided with any evidence to support these losses, and I'm aware Direct Line were considering the subsidence damage under the policy terms.

Responses to my provisional decision

Mr B has pointed out a discrepancy in the background information to the complaint. He tells me that A initially said the leak was on the stop tap and they said it was fixed. Mr B says he insisted it wasn't and this mistake has caused structural damage to his house.

Mr B tells us that his house still isn't in a state to let out and he'll now have years of subsidence due to A failing to identify the cause of the leak. He doesn't think the compensation offered is fair.

Direct Line responded to confirm that Mr B was reimbursed for the cost of the work completed by C. It provided evidence of payment to Mr B in June 2023 – and Mr B has now confirmed this was received.

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.

Whilst I appreciate the comments Mr B has made, I've already made a finding that A should've identified the leak and repaired it under the policy in September 2022. I've given Mr B the opportunity to provide evidence of his losses, but he hasn't.

So in the absence of anything further, and with confirmation that Direct Line has already paid Mr B everything I think it should, there's nothing further to direct it to do.

If Mr B feels that Direct Line hasn't progressed his subsidence claim, he'll need to raise a complaint to it directly in the first instance.

My final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 6 June 2024.

Sheryl Sibley
Ombudsman