

The complaint

Mr R and Miss H complain that U K Insurance Limited (“UKI”) declined a claim they made under their home insurance policy.

Reference to UKI includes their agents and representatives. And as he’s primarily dealt with the complaint, for ease of reading, I’ll refer to Mr R only.

What happened

The circumstances aren’t in dispute, so I’ll summarise the background:

- Mr R got in touch with UKI to log a claim for an escape of water after he was notified of a leak by the local water authority. UKI said he would have to arrange a plumber to trace, access and repair the leak as there was no sign of visible damage.
- Mr R did this and the plumber isolated the source of the leak to beneath the kitchen floor. Mr R noted UKI had carried out a previous pipe repair in this location, so it was possible that repair had failed. He got back in touch with UKI, who agreed to look into the matter. There was a delay doing this, for which it paid £40 compensation.
- UKI appointed a company I’ll call S, who visited Mr R and found the source of the leak. I understand S was prepared to carry out repairs, by excavating through the floor or rerouting the pipework. Mr R preferred the reroute option, as it was less disruptive, which S said meant it would have to report back to UKI for approval. UKI then declined the claim because there wasn’t any visible damage to the building.
- Unhappy with the claim outcome and the way it was handled, Mr R complained. He paid a plumber to reroute the pipework. He said the plumber also had concerns about UKI’s previous pipe repair.
- UKI said there was no evidence of water damage to the building, so it had been right to decline the claim. It also said there was no evidence to show its previous repair had caused a problem and the repair was no longer under warranty anyway. It accepted there had been communication problems during the claim and paid a further £100 compensation, to make £140 in total.
- Our investigator thought UKI had acted fairly by declining the claim and there was insufficient evidence to show its previous repair had failed. And he thought UKI’s compensation payments were a fair response to the errors it had made.
- Mr R didn’t think this was a fair outcome and asked for his complaint to be referred to 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.

- In summary, UKI has declined the claim. So I'll start by considering what the policy covers and whether UKI fairly declined the claim. I'll then consider whether UKI should take any action in relation to the previous repair. And whether UKI has sufficiently compensated Mr R for the impact of its claim handling errors.

What does the policy cover?

- The relevant parts of the policy say it covers, in summary:
 1. Loss or damage to the buildings caused by escape of water from fixed water systems, including underground drains and pipes.
 2. Up to £10,000 to remove and replace any part of the buildings to find the source of water escaping from pipes that's causing damage to the buildings.
 3. Accidental damage to underground drains and pipes, where 'accidental damage' is defined in the policy to mean 'sudden and unintentional physical damage that happens unexpectedly'.
- For 1 and 2, damage to the leaking pipe itself isn't covered. And cover is dependent upon there being damage to the buildings. UKI referred to the lack of 'visible damage' and Mr R rightly noted the policy doesn't require damage to be visible. However, if there isn't any damage visible, and there's no other reason to think there's damage to the buildings, there's no cover for 1 or 2. I think this was the point UKI was making.
- For 3, cover is specifically for the pipe, if the policy definition is met.

Was it fair for UKI to decline the claim?

- As Mr R knew from the outset there was a leaking pipe, which could potentially have given rise to cover in any of the three ways noted above, I would have expected UKI to arrange for an inspection by S or a similar company to investigate the matter. It didn't do so initially, but did so after further contact from Mr R.
- I've looked at the reports from S and the plumbers and I can't see any reference to building damage from the leaking pipe. S specifically says there isn't any. Mr R hasn't challenged this point, so I think it's unlikely there's such damage. As a result, I'm satisfied UKI was entitled to decline the claim for 1 and 2 above – cover for escape of water and trace and access.
- I know Mr R has said UKI did at some point agree to cover trace and access. And S would seemingly have carried out the excavation work if he'd agreed to it. So he was understandably given the impression there was cover for this problem. However, for the reasons above, I'm satisfied there wasn't cover. So UKI's mistake wasn't to decline a claim that was covered – it was to communicate unclearly and mismanage his expectations. The remedy to that mistake isn't for UKI to accept a claim that isn't covered – it's for UKI to pay compensation for the impact of its mistake. I'll return to that point below.
- It seems to be without doubt that there was physical damage to the pipe – there must have been some damage to cause the leak. And there's nothing to suggest that damage was intentional or that Mr R ought to have expected it. So much of the definition for cover under 3 above – accidental damage to underground drains and pipes – has clearly been met.

- However, UKI says the full definition hasn't been met because it's not been shown the damage was sudden. It says the damage could have been wear and tear or failure due to aging, which are both usually gradual processes. I've looked at the information provided by S and the plumbers and the likely cause of the pipe damage is unclear. As a result, I can't see anything to show the damage was likely sudden and met the full definition for cover under 3 above. That means it was fair for UKI to decline the claim for 3 as well, based on the strength of the available evidence.
- UKI has said it will consider the matter further if Mr R provides more information about the cause of damage to the pipe. I think that's a fair position to take. So it's open to Mr R to do that if he wishes.

Should UKI take any action in relation to the previous repair?

- I understand UKI carried out previous repairs in a similar area to the recent pipe leak. Mr R has questioned whether that repair was carried out properly and/or caused the recent leak. He says the various professionals involved had concerns about the work.
- UKI said the warranty for the work had expired and there wasn't evidence of a problem. I don't think the first point makes a difference. When it carried out the repair, UKI had a duty to ensure it was lasting and effective. If the evidence showed it hadn't fulfilled that duty, I would expect it to take appropriate action – regardless of any warranty that may or may not have expired. The key is the second point.
- The only evidence I've seen about this is from the first plumber. They said the way the repair was backfilled meant it could have moved a joint, although they said this wasn't proven. I'm not persuaded this shows there likely was a problem with the work carried out by UKI. I appreciate the professionals may have said more to Mr R than this. But without clear objective evidence of a professional opinion to show the work carried out by UKI has failed or caused a problem, I'm not persuaded it would be fair for me to require it to take further action.
- If Mr R obtains such evidence, he's entitled to share it with UKI for consideration.

Has UKI sufficiently compensated Mr R for the impact of its claim handling errors?

- UKI accepts it made errors in its claim handling. There were promised call backs not made, unclear communication, and mismanagement of Mr R's expectations. So it was clearly a poor experience for him, which caused him distress and inconvenience.
- I'm satisfied £140 was a fair and reasonable amount of compensation in the circumstances. So I won't require to UKI to pay any further compensation.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H and Mr R to accept or reject my decision before 5 February 2025.

James Neville
Ombudsman