

The complaint

Mr H and Miss M complain Liverpool Victoria Insurance Company Limited trading as LV (LV) unfairly declined to settle their claim on their home insurance policy.

References to Mr H or Miss M, will include the other.

There are several parties and representatives of LV involved throughout the complaint but for the purposes of this complaint I'm only going to refer to LV.

What happened

In November 2022 Mr H and Miss M contacted LV to notify it that they had a leak which was found to be from a blocked toilet waste pipe. A claim was not made on their home insurance policy because there was only damage to the grout of floor tiles in the bathroom.

In April 2023, because rot was discovered to the rear of their property, they made a claim on their home insurance policy.

LV inspected the damage and said it could not cover the claim because it didn't feel the damage was as a result of the leak from the blocked toilet. It said Mr H's policy excluded this type of damage because it was gradual and dry rot.

Mr H obtained his own specialists to undertake a review of the damage. Dry rot was confirmed, and defective pipework was found concealed in the wall at the property.

LV still declined to settle the claim.

Because Mr H was not happy with LV, he brought the complaint to our service.

Our investigator did not uphold the complaint. They looked into the case and said the damage happened gradually and on the basis of the terms of the policy LV can decline the claim. They confirmed they had considered Mr H's comments carefully but given the exclusions within the policy did not think the claim had been declined unfairly.

As Mr H is unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

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.

When Mr H made the claim on his home insurance policy in April 2023, a link was made to the previous leak from the toilet in the first-floor bathroom in November 2022.

I looked at the report and images captured by LV's surveyor in early May 2023. The report concludes the leak from the toilet soil stack discovered in November 2022 was not related to

the rot found in the recessed area of the ground floor room to the rear of the property. It said the level of decay found would pre-date this leak by some time.

LV declined the claim because it was not able to link the rot in the dining room area to the previous bathroom leak. It said it was of the opinion the root cause of the exposed rot was linked to other factors and has been in effect longer than the November 2022 leak. Although it did not accept the claim LV said it would consider any new evidence provided by Mr H.

At the end of May 2023 Mr H obtained his own report from a specialist. I looked at the report and it said the dry rot outbreak originated from the first-floor bathroom plumbing services which were located within the wall below the suspended timber floor level.

I saw that LV considered this report but still declined to settle the claim. It had reservations the rot was solely related to a single event given that it was prevalent to the single storey roof section and the recessed alcove which is below the roof and wasn't directly below the November 2022 bathroom leak. It said a timeline for the rot was unable to be substantiated but that it was confident it predated the bathroom leak.

In September 2023 Mr H obtained a report from a construction company who he had asked to investigate the waste plumbing at his property. This report said it found a large split to a pipe that had fractured within the wall. The pipe was concealed in the outer leaf of the building in the wall. It said the way in which the building had been constructed allowed water to transfer from the outer to the inner leaf causing saturation and in turn caused the deterioration to timber lintels in the alcove. Mr H asked LV to consider his claim based on this report's findings.

LV still said it was not able to settle his claim. It said the main decision for the claim being declined is that rot is stated as a non-insured peril against his policy.

I looked at the terms of Mr H and Miss M's policy. It says;

"General Exceptions for home insurance only

Any claim arising from

- anything which happens gradually including deterioration or wear and tear, settlement or shrinkage;*
- mildew, fungus, climatic or atmospheric conditions, frost, wet or dry rot."*

It also says;

"Your policy does not cover claims arising from wear and tear or gradual deterioration. It's your responsibility to keep your home, contents, personal belongings and bicycles in good condition. If you don't do this, we may reduce the amount we'll pay in the event of a claim, or the claim may not be covered."

I recognise that the issue was concealed in the wall and our view is that it isn't fair to decline a claim on this basis if the customer didn't know the damage was happening. But after considering the images in the reports from April 2023 I am persuaded the internal damage would have been visible for much longer than for the two weeks Mr H said it had been noticed when he reported it in April 2023.

It is clear from the evidence seen, that rot was found at Mr H's property, and I realise he has paid a significant amount for structural repairs from his own funds. However, gradual damage isn't covered by his policy, as is the same with almost all other insurance policies of this kind, so it is not an unusual exception.

Although I understand Mr H and Miss M will be extremely disappointed, I think LV was fair to decline to settle their claim due to it being excluded from cover under the terms of the policy.

Therefore, I don't uphold this complaint and don't require LV to do anything further.

My final decision

For the reasons I have given I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Miss M to accept or reject my decision before 17 December 2024.

Sally-Ann Harding
Ombudsman