

## **The complaint**

Ms B complains about Accredited Insurance (Europe) Ltd's ("Accredited") decision to decline her claim under her home insurance policy.

## **What happened**

Ms B claimed under her policy after a contractor, who she'd appointed to carry out some work, identified water damage to flooring panels in a bedroom. This was investigated further by Ms B's contractor, and they identified an escape of water with the source of the leak being an elbow joint underneath the bath located in the bathroom adjacent to the bedroom. Accredited considered the claim under the escape of water section of the policy but declined it on the basis the damage resulted from a gradual escape of water in Ms B's home and there was also evidence of rot in the affected areas. Ms B then complained about Accredited's decision to decline her claim. Accredited responded and explained they agreed with the decision to decline the claim as it wasn't consistent with a one-off escape of water event. They said the damage happened gradually and there was evidence of rot in the affected areas – and both of these were exclusions under the policy.

Our investigator looked into things for Ms B. She thought Accredited's decision to decline the claim was fair, but she recommended they reimburse Ms B's costs for the trace and access work carried out, together with 8% simple interest. Accredited agreed, but Ms B disagreed so the matter has come to me for a decision.

## **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, I've decided to partly uphold the complaint. And, I think the investigator's recommendation is a fair way to resolve matters. I understand Ms B will be disappointed by this but I'll explain why I have made this decision.

### *Claim decline*

My starting point is Ms B's home insurance policy booklet. This sets out the terms and conditions and, under a section headed 'General exclusions' it says Accredited won't cover, "*gradual deterioration (whether you were aware of it or not)*" and "*wet or dry rot (regardless of the cause)*". The policy also says Accredited won't cover, "*loss or damage caused by a gradual water or oil leak*".

Insurers often appoint experts experienced in this type of work to look at the claim and prepare a report on the cause of the damage, and that's what Accredited did. I think it's a fair thing to do – and it's reasonable for Accredited to rely on the report when deciding whether to meet the claim. In this case, Accredited appointed a building surveyor to assess the damage and validate the claim. I've seen the building surveyor's report and this says they found, "*Severe wet and dry rot was evident to the bedroom floor and joisting adjacent to the bathroom. It appears a pipe is likely leaking beneath the bathroom floor and therefore this*

*floor will be in a similarly deteriorated state...The leak has been occurring for such considerable time to have rotted across two rooms...* I can see Ms B's contractor, who identified the leak, also says, *"It clearly has been leaking a long while..."* I've also seen photos which show significant water damage to floorboards and joists, as well as rot to affected areas.

Taking this information into account, I'm more persuaded the damage happened gradually. So, in strictly applying the policy terms and conditions, Accredited can decline the claim based on this exclusion. But, I've also considered whether Ms B was aware, or ought reasonably to have been aware, of the damage happening gradually.

I can see Ms B's contractor says, while the leak had been happening a long while, it was, *"...impossible to detect prior to its recent discovery."* Another contractor appointed by Ms B says, *"Since the leak was concealed under floorboards, latex and then tiles, and that there is a paddling-pool depth void beneath the floor, it is reasonable that this went unnoticed for a few days or even a week before the crack in the dividing wall appeared, alerting [Ms B] to there being an issue that needed investigating."*

Accredited have provided photos which they say demonstrate evidence of water damage which should've highlighted to Ms B there was a problem. One of the photos shows visible water damage appearing on a wall between the toilet and bathroom. There's discoloration in that area so I'm persuaded this damage occurred gradually. And, given that it's in an area which isn't concealed, I think it's reasonable for Accredited to take the view this should've highlighted to Ms B there was a problem. I'm further persuaded the presence of this should've highlighted a problem as the area isn't near the bath taps or shower – something which might've led to water splashing onto the wall externally. Two other photos provided by Accredited show floorboards which are warped and significant damage, including mould, appearing on them.

There are conflicting opinions here between Ms B's contractors and Accredited around whether Ms B ought to have been aware there was a problem. So, I've carefully considered all the information I have at this stage and decided this part of the complaint on what I think is more likely than not. And I'm more persuaded by the photos which show visible signs of there being a problem. So, I believe Ms B ought to have been aware there was a problem and didn't act on this to prevent the damage. It therefore follows that I don't believe Accredited have acted unfairly in relying on the exclusions they have to decline the claim.

I can see Ms B has provided statements from her friends in support of her argument that her home is well maintained. I do acknowledge the points being made and I also note Ms B says, as soon as her contractor made her aware of the problem, she reported it to Accredited and then took steps to trace the source of the leak and made arrangements to minimise the risk of further damage. I don't doubt Ms B reported the problem as soon as the contractor raised it with her. But, in this case, I'm considering whether Ms B ought to have been aware that damage was happening gradually. And, while I have taken into account the statements, I'm more persuaded by the photos I've seen.

Ms B has also provided a further statement from her contractor - a carpenter who carried out the work in replacing the water damaged joists in the bedroom and bathroom. The contractor says the marks showing on the bathroom wall aren't an indicator of any underlying issue which would highlight a problem. The contractor says such paint flakes are common and typical on any wall that hasn't been decorated recently and this area is next to the bath and toilet where some light splashes on the wall are common. Ms B also says the area where the paint is discoloured is very similar to other areas in the bathroom which have been attributed to condensation.

I have taken into account both Ms B's and her contractor's comments but, looking at the photo of the bathroom, I'm not persuaded this is indicative of light splashes from the bath or toilet. I say this because I don't believe such discolouration and visible damage would likely occur from light splashes. I also acknowledge the contractor's comments about the paint flakes being typical of a wall which hasn't been decorated recently and Ms B's comment about condensation. But I've seen photos showing other areas of the bathroom, and I can't see the same type of discolouration, and the extent of it, on other walls.

Ms B's contractor also refers to other photos showing the floorboards in the bedroom. The contractor says photos show the removed floorboards stored upside-down, and the water damage is therefore showing on the underside of the floorboards. The contractor says the top side of the floorboards appear undamaged and beyond any general and expected wear and tear – and this was because the floorboards are of a waterproof material which prevent water going through it. The contractor says it is therefore expected that the damage would only have been noticeable once the floorboards were removed. The contractor also says, in relation to the floorboards showing to be bowed or deflected, a flexible material such as thin laminate flooring would always bow under its own self-weight, particularly if stored up against a wall or on uneven ground. And, any sign of the floorboards being bowed while left in situ, upside down in the bedroom, could also be the result of the floorboards being damaged whilst being ripped up. The contractor also says, prior to removing the floorboards, the bedroom wasn't empty and had a bed, table and chair. The contractor says it is therefore unreasonable for anyone to identify any signs of bowing or deflection, even if they did exist, under such items.

I've carefully considered the contractor's points here, but I'm still not persuaded there weren't any signs of a problem. I agree there is a photo which shows the uplifted floorboards stacked on the bedroom floor – and it does appear these have been stacked upside-down. So, while the photo does show significant damage and mould, this may not have been visible on the top side of the floorboards. But the photos do show evidence of warping and bowing to the floorboards. So, I have to consider whether I'm persuaded, more likely than not, whether this was evident while the floorboards were still in situ.

Having carried out some research into this, it appears floorboards can warp through moisture damage, and when the bottom of the floorboards are exposed to more moisture than the top, the wood absorbs the liquid and warps – and one reason for this can be down to leaks. The photos show significant water damage to the area underneath the floorboard. And Ms B's contractor, who identified the issue, says the floor underneath was "*soaking wet*" and "*all the underlay was soaked*". This contractor also said, "*I soon discovered the full extent of the water damage. It was extensive, having spread between the two rooms...soaking all floorboards and joist in the two rooms.*"

So, while I can't rule out that bowing might be caused by floorboards being lifted, I've taken into account all the information to decide what I believe is the more likely cause. And, given the contractor's comments I've referred to here, it's clear the water damage was extensive and the photos also support this.

On this basis, and having seen photos showing the floorboards bowing and warping as well as taking into consideration the likely causes for this, I'm more persuaded there were signs of a problem which Ms B ought to have been aware of. And while I also acknowledge the contractor's comment about items being in the bedroom, taking into account all the photos which includes the photo showing discolouration in the bathroom, I'm more persuaded there were visible signs of there being a problem. So, on this basis, I don't think Accredited's decision to decline the claim was unfair.

*Trace and access*

Ms B says Accredited haven't reimbursed her for the costs incurred in a contractor tracing the source of the leak even though she was informed by Accredited this would be covered. The policy terms and conditions do say Accredited provide cover for reasonable and necessary costs to remove any part of the building to find the source of damage caused by water escaping. Accredited say though they won't pay for this in circumstances where there isn't a valid claim – and in this case there wasn't as it was due to gradual deterioration. But, looking through the policy terms and conditions, I can't see there's any mention within the trace and access section of there being a condition that Accredited won't pay for trace and access in circumstances where the claim is declined.

I've listened to Ms B's call to Accredited to report the claim and the call handler asked Ms B whether she'd arranged for a plumber to identify the source of the leak. The call handler confirmed Ms B's policy did provide cover for trace and access work and as long as Ms B provides an invoice Accredited would add that to the claim. Accredited say the call handler should've explained that Ms B can arrange for a plumber to trace and access the leak, but that any costs would only be payable if the claim is validated and cover is confirmed. Accredited accept this wasn't explained clearly enough and agree this caused confusion – and on this basis, they agree to reimburse Ms B for the trace and access work.

It's clear Ms B's contractor had already been appointed to carry out work to replace the bedroom flooring, so removal of any floorboards here was already part of the planned work. Accredited though should, under the trace and access section of the policy, reimburse the costs incurred by Ms B as a result of all work carried out by her contractor in order to trace and access the leak. Ms B will need to provide Accredited with a breakdown from her contractor showing the cost of the work carried out to trace and access the leak, beyond the planned work. Accredited should then reimburse this cost in line with the trace and access section of the policy, together with 8% simple interest per year from the date Ms B paid her contractor for the trace and access work to the date of settlement.

I wish to reassure Ms B I've read and considered everything she has sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

### **Putting things right**

I've taken the view that Accredited haven't acted fairly in not reimbursing Ms B's costs for the trace and access work carried out by her contractor. So, subject to Ms B providing Accredited with a breakdown from her contractor showing the cost of the work carried out to trace and access the leak, beyond the planned work, Accredited should reimburse this cost in line with the trace and access section of the policy, together with 8% simple interest per year from the date Ms B paid her contractor for the trace and access work to the date of settlement. Accredited should provide Ms B with a certificate showing any taxation deducted.

### **My final decision**

My final decision is that I uphold the complaint. Accredited Insurance (Europe) Ltd must take the steps in accordance with what I've said under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 13 January 2025.

Paviter Dhaddy

**Ombudsman**