

## **The complaint**

Mr C is unhappy that Legal and General Insurance Limited (L&G) rejected his claim for Trace and Access costs against his buildings insurance.

## **What happened**

Mr C reported to L&G that he heard dripping sounds behind the wall in his downstairs bathroom after he used the shower in the upstairs bathroom. He explained that British Gas Homecare repaired a seal on the pipe upstairs earlier in the year but he was concerned that water may be escaping and causing damage to the downstairs bathroom. He told L&G he couldn't see any evidence of water damage but he was worried about the dripping sound. L&G sent a surveyor to Mr C's home who recommended carrying out a Trace and Access - a way of finding out where a leak is coming from, which can cause damage to the property and buildings insurance sometimes covers the repair cost.

At first, L&G said Mr C's policy didn't cover the cost of repairing the actual leak but it did cover the water damage and any repairs needed after the Trace and Access. L&G told Mr C he would need to pay the policy excess of £250, which he accepted. Mr C used a detection service, which didn't find a leak, and his bathroom was damaged during the process. He claimed against his policy for the Trace and Access repair cost.

In calls about his claim, L&G gave Mr C inconsistent information. In one call it said he didn't have Trace and Access cover. In a later call it said he had the cover but L&G rejected the claim because there wasn't a leak. The insured peril is damage caused by a leak but, because there wasn't a leak, L&G didn't think it was responsible for the repair cost. Mr C didn't agree.

Our investigator felt that L&G's decision to reject Mr C's claim was unfair because L&G recommended Trace and Access, and:

- L&G didn't tell Mr C during any of the three phone calls that it would only pay for damage caused by Trace and Access if a leak was found, and
- the policy wording didn't make it clear that L&G would only pay for Trace and Access damage if a leak was found.

Our investigator said L&G should treat the claim as if there was a leak and cover the Trace and Access repair cost, less the policy excess.

L&G didn't agree with our investigator and asked for an ombudsman to decide. L&G explained that its handler gave correct advice based on Mr C's report of a leak and the handler couldn't be expected to discuss every possible outcome.

## **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.

I agree with our investigator and my decision is to uphold Mr C's complaint – I'll explain why.

Both L&G and Mr C agree that the Trace and Access caused damage to the downstairs bathroom but it didn't find a leak. L&G says it would've covered the cost of repairing the damage if it had found a leak but not if it didn't find a leak. I don't think L&G made that clear to Mr C despite several opportunities to do so, which I have set out below:

- Mr C clearly stated to L&G that he could hear dripping but he couldn't see any evidence of water damage. So, given the possibility that there wasn't a leak, I think it would've been reasonable for the handler to explain that the cost of Trace and Access may not be covered.
- The surveyor who assessed the situation advised Mr C to carry out the Trace and Access, so he acted on that advice after checking with L&G that his buildings insurance covered the work. It was reasonable for him to rely on expert advice in the absence of any visible sign of a leak.
- Mr C repeated back to call handlers his understanding of the advice they gave about Trace and Access. The handlers confirmed his understanding was correct – that he would only pay the excess of £250 towards the cost of a claim and L&G would cover the cost of damage caused up to the policy maximum. The handlers didn't state any other limitation on his cover.

L&G acted as if there was a leak and advised Mr C to act on that basis. Mr C felt reassured that he could go ahead with the investigation, knowing it would damage his bathroom but believing his insurance covered the repair cost. Although L&G feels he would've had to pay for the investigation anyway, I think Mr C may not have gone ahead if it had provided a more detailed explanation of the Trace and Access cover limitations. I also note that the policy wording states the level of cover available for Trace and Access but it doesn't make any reference to what would happen if the investigation didn't find a leak. I would've expected the policy wording to be clearer on this.

Because Mr C acted on L&G's clear confirmation that he would only pay the excess, my view is that it should cover his Trace and Access claim as if there was a leak. Mr C is responsible for the first £250, which is the excess set out in his buildings insurance policy.

### **My final decision**

For the reasons given above, my final decision is that Legal and General Insurance Limited should:

- treat Mr C's claim as if there was a leak and cover the Trace and Access repair cost up to the policy maximum of £5000, less the policy excess.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 25 March 2020.

Debra Vaughan  
**Ombudsman**