

The complaint

Mrs I is unhappy that a claim made under her property owners insurance policy for a boiler breakdown has been declined by U K Insurance Limited (UKI).

What happened

The boiler in Mrs I's let property stopped working and she reported this to UKI, her landlord insurance policy provider.

UKI asked Mrs I to provide a report confirming the cause of damage, which she sent to them. UKI declined the claim on the basis the boiler had stopped working due to a build-up of sludge in the system, which they said isn't covered as it is gradual and wear and tear.

Mrs I made a complaint to UKI and their decision remained the same. As Mrs I was unhappy with UKI's response she approached this service.

Our investigator looked at everything but didn't uphold the complaint. He said that UKI had applied the exclusion fairly as sludge would occur over time.

Mrs I didn't agree with the investigator and asked for a final decision from 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.

Having considered all the information provided by both parties, I'm not upholding the complaint. I'll explain why.

Following the breakdown of Mrs I's boiler she contacted UKI. They asked for a report confirming the cause of damage, so they could see whether the event was covered under Mrs I's policy.

Mrs I obtained a report from an engineer, and submitted this to UKI's agents for consideration. Amongst other things, the report said:

"We looked at the system and found the following

- *The water in the system is very dirty and sludge is present in the Feed and Expansion tank in the loft*
- *There is an airlock in the central heating pipework*
- *There is a sludge blockage in the central heating pipework*
- *The circulator pump was damaged by the dirty system water*

- *The boiler would not fire up and work properly as there is poor circulation due to the sludge and air locks”*

UKI declined the claim on the basis the build-up of sludge caused the damage and they believe this is wear and tear and gradual, which isn't covered under the policy:

“We will not cover You for Damage caused by or resulting from:

c depletion, deterioration, corrosion, erosion, wear and tear, or other gradually developing conditions, unless such Damage results from an Accident.”

Sludge generally appears over time and this is due to debris and dirt within the system. It will depend in each case how long it takes to build up, it could be over weeks, months or even years. But by its very nature, it isn't something that wouldn't be present one day, and appear the next. So I don't think it's unreasonable for UKI to say it appeared gradually and caused the damage.

Whilst I note Mrs I's comments that the policy terms make no reference to sludge specifically, they do say that wear and tear and gradual damage isn't covered. UKI wouldn't be able to list within the policy terms every single event that could be either gradual or wear and tear. So I don't think UKI has acted unfairly by not mentioning a sludge build up specifically within the policy terms, as it has explained gradual damage and wear and tear generally are excluded.

Sludge is something that occurs gradually, and as the policy terms say this isn't covered, I don't think UKI has acted unreasonably by declining the claim on this basis.

Whilst Mrs I has raised concerns that she wasn't told during annual services and gas safety inspections that sludge was building up, the services were carried out by third parties, so this isn't something I can consider here against UKI.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs I to accept or reject my decision before 1 November 2019.

Neil Marshall
Ombudsman