

The complaint

Mr B and Mr H have complained about their home insurer Fairmead Insurance Limited in respect of a claim they made to it when they found water in the cellar of their home.

What happened

Mr B noted that the wall in his bedroom was wet. Upon investigation, water was found in the cellar of the property. In late November 2019 a claim was made to Fairmead and it dealt with it on the basis there might be a leak from an underground pipe. Its drainage company found a problem with a pipe and fixed it. But Fairmead didn't do or say anything regarding any water damage at the property. The damage in the bedroom was a particular problem for Mr B. And neither he nor Mr H were in good health. They wrote to Fairmead again.

On 23 December 2019, noted in Fairmead's case file, Mr B told Fairmead the cellar was flooded again. Fairmead sent its drainage company back to the property and determined there were no further problems with underground pipes which might be causing an issue. It said Mr B and Mr H would have to investigate and find the cause of the leaking water. It said it wouldn't do anything until then. But it offered £50 compensation for what it accepted were some service failings. Mr B and Mr H complained to us.

Our investigator explained that insurance policies don't offer cover for any and all damage that might occur at the property. And he felt that Fairmead had acted fairly by relying on its drainage company's view that the underground pipes were sound. Mr B and Mr H were unhappy and the complaint was passed to me for review.

I felt Fairmead had failed Mr B and Mr H regarding the bedroom damage. I sent the following findings to both parties:

"It seems Mr B and Mr H made a claim to Fairmead by letter dated 7 November. Below is an extract from that letter:

"The problem first came to light in the main bedroom occupied by [Mr B], co-owner of the property, when it was noted that clothing in the wardrobe was damp, walls behind the bed head were also damp, and in an attempt to resolve this problem we installed a dehumidifier in the bedroom, which has to be emptied daily, due to the amount of water being found."

The file Fairmead submitted to us suggested that the bedroom did not become damaged until after further water ingress occurred in December 2019. I'm currently satisfied the bedroom damage was part of the initial loss Mr B and Mr H reported to Fairmead, but that Fairmead did not register this properly or seek to act on it.

In correspondence with this service Fairmead has said that it doesn't feel liable for the bedroom damage because it has not solely been caused by the leak its agent found and fixed in November. I'm not persuaded that Fairmead has shown this is likely the case. And even if it were true that would not absolve Fairmead from liability. It would still have to fix the

damage that had been caused by the leak it fixed, and if it can't separate what damage that leak caused from any which is due to an uninsured cause, it will have to fix it all.

Furthermore, even where it can separate out the damage, if it can't fix the damage it is liable for without fixing that which it is not liable for, it will have to fix it all. And I would suggest that until Fairmead starts to try and dry the bedroom it is not going to know if other sources of water are impacting the moisture levels therein. But if another cause of damp is found and is determined to not be covered by the policy, Mr B and Mr H will likely have to fix that before any repairs can be undertaken.

This has clearly been an upsetting and difficult time for Mr B and Mr H. Fairmead should pay them £500 compensation."

Mr B and Mr H noted my findings. They reiterated their firm belief that Fairmead should have investigated the damage in the bedroom at the outset and that this was not about any internal leak of water from their property.

Fairmead said it was unclear why I would suggest that it do any work in the bedroom whilst there was an undiagnosed leak causing damage. It said it also felt that an award of compensation was unfair because Mr B and Mr H had refused to resolve the cause of the on-going water damage at their home.

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 don't intend to move away from the findings I shared with both parties. And whilst I agree with our investigator that Fairmead was entitled to rely on the advice of its drainage company regarding the underground services, I'd remind it that the policy, as well as offering cover for damage to underground services and for damage caused by water leaks, also offers cover for that caused by flood.

Fairmead completed work to repair a leak that was occurring on the underground pipes. It did that and Mr B and Mr H reported that for a few days the cellar remained dry. When the drainage company reattended to investigate, it confirmed the repairs which it had carried out were sound and there were no other issues (with the underground pipes) that might be causing the problem. Fairmead was entitled to rely on that advice particularly as Mr B and Mr H presented nothing from a similar expert to suggest that it was wrong.

However, Mr B and Mr H told Fairmead at the outset that their home had suffered water damage. And Fairmead did not log that properly or deal with it at the time it dealt with the issue to the underground pipes. It didn't note the issue until the further water ingress occurred. I think it failed Mr B and Mr H in this respect.

If it had dealt with things as it should have, then it would have started to dry the bedroom once the initially suspected cause of the damage had been resolved by its drainage contractor. When further water then came into the cellar, as long as the bedroom continued to respond to the drying (which would indicate the further water ingress was not affecting the bedroom), then the reinstatement would have continued. That's because an insurer is not absolved from fixing insured damage just because there are other potential causes of damage on-going at a property.

That said if the bedroom had stopped responding to the drying regime, and/or once the

driers were removed the damp returned, that would suggest the further ingress was affecting the bedroom. At which point Fairmead would reasonably need to have reviewed its position. As I mentioned above it is liable for damage caused by water leaks and flood, but it wouldn't be up to it to trace a leak from the property's water systems.

I know Mr B and Mr H made enquiries with the water authority and it said the mains use is at normal levels, indicating there's no leak. But a risk of leaks doesn't just come from mains pipes – there are rainwater goods at the property, as well as waste water pipes, and not just those situated underground. So it is possible that a leak is occurring that wasn't caught by the underground pipe investigations Fairmead initially undertook, or by the checks the water authority made. It's also possible that other water is getting into the property somehow which the policy offered by Fairmead might not cover. Either way if something is happening that would potentially impact on any repairs Fairmead might undertake for water damage, it wouldn't be unreasonable for it to expect that potential cause to be traced and resolved before it completed reinstatement work. But any drying company instructed by Fairmead, in the event the bedroom doesn't respond to drying may well be able to give a view as to why and/or what else might be causing the room to be wet. That is exactly the course a claim for this type of damage would normally take. And I see no good reason why none of this happened here. To put things right, this is what I'm satisfied Fairmead must now do.

But Mr B and Mr H will need to be prepared to cooperate with Fairmead if it needs them to complete further investigations. I know they've been less than keen to do so before. But I also haven't seen that Fairmead has ever taken the time and trouble to properly explain the situation to them as I have above. I think if it had, and it had been handling the bedroom damage initially in the way I've described above that it should have done, I think they'd have been more responsive. I don't think Fairmead's view, that it is not responsible for their upset because of their lack of co-operation is a fair one. Fairmead is the insurance expert, not them and, in my view, it should have handled things better. I'm satisfied that £500 compensation is fairly and reasonably due.

My initial findings shared with both parties have not changed. They, along with my further comments set out here, form the findings of this my final decision.

Putting things right

I require Fairmead to act to progress this claim in line with my comments above – and that should start with it attempting to dry the bedroom.

I also require Fairmead to pay Mr B and Mr H £500 compensation for the distress and inconvenience I'm satisfied its failure to progress their claim caused.

My final decision

I uphold this complaint. I require Fairmead Insurance Limited to provide the redress set out in "*putting things right*" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mr H to accept or reject my decision before 19 January 2021.

Fiona Robinson

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Ombudsman