

The complaint

Mr M complains that QIC Europe Limited (QIC) declined his two flood damage claims under his buildings insurance policy.

What happened

The details of this complaint are well known to both parties, so I won't repeat them here. Instead I'll summarise the key points and focus on giving the reasons for my decision.

Briefly, in February 2021 Mr M made a claim under his home insurance policy for flood damage. After looking into the circumstances, QIC declined his claim because it didn't think the flood was caused by an insured event. Mr M complained and QIC issued its final response letter.

In July 2021, Mr M's home suffered further flood damage. Three weeks later he claimed under his policy again. QIC declined the claim because there was no evidence that Mr M's home was damaged by a second flood. Mr M complained to QIC and it issued its second final response letter.

Our investigator didn't uphold Mr M's complaint. He agreed that the policy didn't provide cover for the first flood and there was no evidence of damage caused by a second flood.

Mr M disagreed so the complaint was passed to me to decide.

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.

While I realise Mr M will be disappointed, I've decided not to uphold his complaint. I'll explain why.

Mr M provided a lot of information to support his complaint, and more recently he asked for a response to each of his numbered questions and comments. I won't be commenting on every piece of evidence or question – and our rules don't require me to. Instead I'll consider the complaint as a whole and give the reasons for my decision.

When making a claim under their policy, it's the policyholder's responsibility to show that an insured event has happened. The insurer will, then, either pay the claim or explain why the policy doesn't cover the event. My role is to look at the overall circumstances to decide whether QIC declined Mr M's claims fairly for the reasons it gave and in line with the policy. It's not for me to determine what caused the damage and I must rely on expert opinion provided in the evidence.

For ease, I've broken the complaint down into the two separate claims and looked at the relevant parts of the policy under which QIC considered them.

February claim

Mr M claimed under his policy when the basement of his home flooded. He believed it was caused by surface water flooding. QIC considered the claim under three sections of the policy. I'll address them here in the same order as QIC responded to them.

4. Escape of water or oil

We will cover loss or damage caused by:

- a. escape of water from any:
 - i. fixed domestic water installation;*
 - ii. heating system...;*
 - iii. washing machine...; or**
- b. water freezing in tanks, apparatus and pipes at your property*

QIC declined Mr M's claim under this policy term because the appointed leak detection specialist, which I'll call Company S, did not find any internal leak source. Company S concluded it was foul water from an external source, possibly the underground drainage.

In the absence of any evidence to show that the leak was from an internal source - and I don't believe Mr M thinks it was anyway - I'm satisfied that QIC fairly stated this term didn't provide cover.

QIC appointed a drainage specialist, which I'll call Company C. Company C didn't find any damage to the drains, but nor did it think an internal leak would've created the volume of water reported. Company C said it was, "*possible something has failed and saturated the ground*" next to the house.

QIC considered the claim under the following:

13. Accidental damage to mains services

We will pay the costs of repairing accidental damage to underground pipes, tanks, cables and services (including their inspection covers) that reach from the buildings to the public supply and septic tanks, which you are legally responsible for.

Given that Company C didn't identify any accidental damage to the drains, and I can't see that Mr M thought it was a damaged drain problem, I'm satisfied that QIC fairly concluded the policy didn't provide cover under this term.

The water supplier, Company A, attended. It found the sewers were clear and flowing, and tests revealed it wasn't foul water in Mr M's home. Company A concluded that the water didn't originate from the sewer and believed it to be due to "*high groundwater/surface water levels following the heavy and persistent rainfall*".

So, QIC considered the claim under the following term:

2. Flood

We will cover loss or damage caused by flood.

A flood is a substantial and abnormal build-up of water from an external source. It does not include water which has escaped from pipes, tanks and other fixed water apparatus at your property.

We don't cover

- d. loss or damage caused by rising water table levels (the level below which the ground is completely saturated with water); and*
- e. anything that happens gradually.*

QIC appointed Company T to investigate the cause of the water damage. Company T concluded that, *"The most likely cause of the water ingress if all other sources have been investigated including blocked/broken drains, silted soakaways, plumbing leaks etc is a failure of the internal waterproofing system due to increased ground water pressure"*.

Mr M appointed a specialist waterproofing company, Company Q, to investigate the damage. Company Q reported that there was no evidence of water ingress through the walls or floor, or of a high water table. It concluded, *"We... believe that the water ingress has occurred due to flooding experienced to the road, pavement and surrounding areas during the unusually high rainfall period that occurred and that the flood entered the basement at ground level"*.

QIC looked into the weather conditions at the time and confirmed that weather data didn't show evidence of heavy rainfall, despite what Company Q and Company A's reports said. So, in the absence of any other explanation for the water ingress, QIC declined Mr M's claim under the flood term. In line with Company T's conclusion, QIC considered it likely that the internal waterproofing system had failed. As that would be gradually occurring - not a one-off event - QIC declined the claim relying on the policy exclusion quoted above.

I've thought carefully about QIC's decision to decline the claim based on the reasons given here. In respect of the escape of water term and the accidental damage term, I don't think QIC did anything wrong. That's because its experts didn't find a cause for the water damage covered under those two terms.

The position is less clear looking at the information provided in respect of the flood clause. Company A believed the water ingress was due to high groundwater/surface water levels following heavy rainfall. Company Q also thought heavy rainfall was the cause. But, as I've said, QIC didn't find any evidence of heavy rainfall within historical weather data. I've looked at a reputable online weather data source and I agree with QIC. Around the time of Mr M's claim, there was minimal rainfall.

To put the weather data into perspective, the heaviest rainfall recorded for February 2021 was 5.6mm per hour during one day a week before Mr M says his basement flooded. Most days around that time there was none or up to 2mm of rainfall per hour. This is not classed as unusually heavy rain. Comparing that to the day in July when the road outside Mr M's home flooded, the rainfall was recorded as 8.6mm per hour. I can't conclude that QIC unfairly declined the claim based on the weather data alone.

Turning again to the expert reports, I note Company A believed the flood was due to high groundwater/surface water levels. Groundwater is the water table. The report was brief and mentioned both the water table level and surface water, so I can't reasonably say Company A firmly concluded that surface water was the cause of the damage.

While Company Q commented on *"unusually high rainfall and recent"* flooding, I note its email was sent in July, four months after its March visit, which was also around three weeks after Mr M made his claim. After the flooding, there was some heavy rainfall, so I find it difficult to rely on the accuracy of a brief report commenting on weather from several months earlier.

Considering the brief and late reports provided by Companies A and Q, I'm persuaded to place greater weight on the detailed reports provided by Companies S, C and T, and the independent weather data.

Company T concluded that the only other explanation for the water ingress was increased ground water pressure leading to a failed waterproofing system. Company A's report also

referred to high groundwater levels (water table). So, the issue of rainfall becomes irrelevant here because both Company T and Company A, which is independent of both QIC and Mr M, conclude that a high water table was the most likely cause of the water damage.

Looking again at the policy, it specifically excludes cover for damage caused by rising water table levels and anything that happens gradually. Here, that's failed waterproofing likely due to the pressure of the groundwater. I understand Mr M doesn't agree that there was a problem with the waterproofing. However, as I said at the beginning, it's Mr M's responsibility to show what caused the damage. QIC has investigated and tried to find the cause of the damage, ultimately concluding the cause is most likely an ongoing problem. That was after it ruled out any covered loss. Looking at the evidence, I haven't seen anything in Mr M's submission which provides clear evidence of flooding caused by a one-off, insured event. Therefore, I'm satisfied that QIC declined Mr M's February claim fairly for the reason it gave and in line with the policy.

August claim

The following August, Mr M reported further flood damage to QIC. He said the damage happened around two weeks before, but he delayed making a claim because of his previous experience. QIC declined his second claim because it didn't think the evidence supported Mr M's claim that his ground floor had been damaged by water.

There's no dispute that there was a flood. Mr M provided photos, social media footage, a report from the fire service, and a newspaper article confirming that the road outside his home flooded three weeks before he made the claim to QIC. So, I've accepted this point and moved on to look at why QIC declined the claim.

QIC appointed a surveyor to investigate the claim. Although Mr M reported that his ground floor was damaged by standing water, the surveyor didn't identify any evidence of damage to the skirting boards, doors, carpet, or laminate flooring. The surveyor explained that standing water would've caused damage to all of these areas. While water damage was evident in the basement, the surveyor concluded that it was due to a rising water table. The report explained that the damage was from rising water rather than water running through from the ground floor above, therefore the damage wasn't consistent with flood damage.

While the evidence shows without doubt that the road outside Mr M's home flooded, it doesn't go as far as showing water running into Mr M's home. And the surveyor didn't identify any evidence of water running down the basement walls, which would've happened if the water entered Mr M's home at ground level.

Looking again at the policy terms, cover is available for flood damage but excludes:

- d. loss or damage caused by rising water table levels (the level below which the ground is completely saturated with water); and*
- e. anything that happens gradually.*

QIC declined the claim because the surveyor concluded that the rising water table and failed waterproofing was the reason the basement was damaged.

Considering this supports Company T's conclusions for the February claim, I'm satisfied that it's reasonable to rely on the surveyor's report. For that reason, I'm satisfied QIC declined Mr M's August claim fairly and in line with the policy terms.

Turning now to the additional comments and questions, I'll address, briefly, some of the points Mr M raised. He didn't want any personal issues discussed, so I've respected that. Mr M also complained about the behaviour of one of QIC's agents. I've looked at the information he sent and QIC's response, but it's clear that the matter is not one for me to address. That's

because the matter doesn't relate specifically to regulated activity in relation to Mr M's complaint about his declined claim. Mr M will need to approach the appropriate authorities if he still has concerns.

I've watched the videos Mr M sent. While I agree they show the flood, and I've accepted that, it doesn't change the fact that the overriding conclusion in the expert reports is that failed waterproofing was the main reason the basement was damaged.

Finally, I've looked at the evidence Mr M provided more recently showing that the local council completed drainage work outside his home. I can see why he'd consider that relevant, perhaps implying that the flood was caused by damage to the drains. However, it isn't clear what work was being done or why. If Mr M has evidence that there was damage to the drains which may have contributed to the water damage in his basement, then he may wish to send that to QIC for consideration. But, as QIC didn't have any other information when it considered Mr M's claim under the accidental drain damage term, I'm satisfied it didn't do anything wrong.

In summary, there's no dispute that Mr M's home flooded on two occasions, but the evidence persuades me that QIC fairly relied on the expert reports which concluded that the basement waterproofing system failed due to rising water table levels. As the policy doesn't cover gradual damage or rising water table levels, I'm satisfied that QIC fairly declined both claims.

My final decision

For the reasons given above, my final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 23 May 2022.

Debra Vaughan
Ombudsman