

The complaint

L complains AXIS Specialty Europe SE unfairly declined their Commercial Property Insurance claim.

All references to AXIS also include its appointed agents.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead I'll focus on giving my reasons for my 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 agree with the conclusions reached by the investigator for these reasons:

- Accidental Damage is defined in the policy as physical damage caused suddenly and accidentally, and not through wear and tear, breakdown or malfunction.
- The policy also notes it excludes cover for damage caused by corrosion or damage caused by wear and tear, or anything that happens gradually.
- L says the flue was damaged by a neighbour's Paddleboard hitting it. L says this has consequentially caused further damage – such as rust and holes.
- A gas engineer attended the property around four weeks after L says the event likely occurred. In their report they noted rust inside the boiler casing, on the connection between the boiler and the flue. They also noted a small hole in the boiler casing and 'distress' on the boiler's flue both internally and externally.
- In a further report the engineer said they saw a Paddleboard lying against the flue and the terminal was split and cracked. He said ingress of water into the boiler from the flue was evident but he couldn't make a reasonable judgment as to how long the flue had been damaged or how long the Paddleboard had been lying against it.
- AXIS said the photos provided didn't show entry points where water could enter the boiler. From reviewing the photos, I agree that there doesn't appear to be obvious entry points into the boiler for ingress. And I've not seen any other information that persuades me the internal corrosion or the hole in the boiler casing was caused solely as a result of the damaged flue.
- Rust is something that typically happens gradually, usually over an extended period. And I think it's likely the water had been present within the boiler casing for some time. So I'm not persuaded the paddleboard has caused all the damage reported.

- As I've set out above, corrosion and rust, along with damage that happens gradually, is excluded from cover. So considering everything, I think AXIS have acted reasonably in declining the claim.

So for these reasons, I do not uphold this complaint.

My final decision

My final decision is that I do not uphold L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask L to accept or reject my decision before 9 June 2022.

Michael Baronti
Ombudsman