

The complaint

Mr G complains about how Fairmead Insurance Limited ("Fairmead") handled a claim under his home insurance policy. When I mention Fairmead I also means its suppliers and representatives.

What happened

Mr G has a home insurance policy with Fairmead covering his household buildings.

In February 2021 Mr G noticed that water was leaking into his home around the chimney breast in his living room.

He contacted Fairmead to make a claim. Fairmead accepted the claim under its storm damage cover. Because Mr G lives in a remote location, he obtained a quote from a local builder to repair the damage.

His builder quoted to remove the chimney back to the roof level and make good at a cost of £7,470 + VAT.

Fairmead then sent a loss adjuster to inspect the property and provide a report. He reported that the chimney had cracked over time because of residue from peat burning which had expanded in the chimney causing cracks and the water had entered the property through those cracks.

Because Fairmead's loss adjuster said the damage was caused by a gradual deterioration of the chimney stack, he said Mr G's claim would be declined because the damage fell under this exclusion in Fairmead's policy wording:

"Your policy does not cover claims arising from wear and tear or gradual deterioration"

Mr G wasn't happy that Fairmead had initially accepted the claim and then declined it over three months later so he complained. Fairmead maintained its position that the cause of the damage was wear and tear and deterioration, so it wouldn't be covered under Mr G's policy.

As Mr G remained unhappy, he brought his complaint to this service. He asks that Fairmead pay for the repairs to his chimney. Our investigator looked into it and upheld it. She said she didn't think Fairmead had acted fairly in applying the exclusion. She asked for further evidence from Fairmead to demonstrate why it said the cause was gradual deterioration rather than a storm.

Fairmead replied and said it could see cracks in the render in the chimney which it said would be associated with gradual deterioration. It also said it thought the damage might have been pre-existing because Mr G had mentioned a similar leak happening about a year before. Mr G told our investigator that this previous leak was on a different chimney at the other end of the house. Fairmead maintained that the damage was excluded because it had happened gradually, but it said that it thought the cause was different from what its loss

adjuster had said.

Our investigator said she didn't think it fair of Fairmead to apply the wear and tear exclusion without providing further evidence. She said Fairmead should settle the claim by refunding the amount he'd paid to have the chimney removed, which was £6,156.

Mr G accepted the view, but Fairmead didn't. Because Fairmead didn't agree, the case has been passed to me to make a final 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'm going to uphold it, and I'll explain why.

Mr G made the claim with Fairmead due to water entering his house down the sides of a chimney. He says this happened after a long, wet period and stormy conditions.

When considering storm damage, we ask three questions:

1. Was there a storm on or around the date the damage occurred?
2. Is the damage typical of that caused by a storm?
3. Was the storm the main cause of the damage?

If the answer to all of these questions is "yes" then the claim is likely to succeed. But, if the answer to any of the above questions is "no" – the claim for storm damage is unlikely to be covered

Fairmead's policy doesn't define storm, so I've looked at the weather in the area at the time and I've found that the wind speed reached 66mph and there was heavy rain. I think it's fair to say that storm conditions existed at the time. Water ingress into a property is a typical result from a storm and I am satisfied that for the water damage to have appeared at the time of this stormy weather happened means that I think the answer to all three questions is "yes".

It seems to me that Fairmead's position is that the answer to the third question is "no" and it says this because its loss adjuster declined the claim as he said water had entered Mr G's house through cracks in the chimney caused by peat residue expanding in the chimney.

For Fairmead to be able to decline the claim in this way I would expect it to be able to supply evidence to reasonably prove this had taken place. I can see that our investigator has asked for this evidence but Fairmead wasn't able to supply it.

I can also see that when our investigator did ask for the evidence, Fairmead changed its stance on why it had applied the wear and tear exclusion. It said it could see cracks in the render on the chimney on the photos taken by its loss adjuster in 2021. It said it wouldn't expect render to crack because of wind, so it said the cracks would be associated with general deterioration and so the claim wouldn't be covered.

I've thought about this carefully. Firstly, I don't think it was fair of Fairmead's loss adjuster to have declined the claim initially based on his inspection of the chimney. I've not been able to see any evidence of the damage caused by expanding peat residue, and Mr G comments

that the loss adjuster was on-site for (what he thought was) a short time and didn't examine the outside of the chimney apart from taking photos from ground level.

Secondly, when asked for further evidence of this peat expansion, Fairmead declined the claim for a different reason, saying it was due to wear and tear of the render. Again, using the photos from ground level as evidence.

I don't think it's fair of Fairmead to take this approach. If Fairmead want to decline a claim on this basis then it needs to reasonably prove that the water got into Mr G's property through cracks caused by wear and tear. From the evidence I have, I don't think Fairmead have proved this, so it follows that I think it should settle Mr G's claim.

It's my understanding that Mr G has already had the repairs done to remove the chimney at a cost of £6,156, so I think Fairmead should refund the money he has paid.

My final decision

For the reasons set out above, my final decision is that I uphold this complaint. I direct Fairmead Insurance Limited to pay Mr G £6,156 for the repairs to his chimney.

As Mr G has already paid for the repairs, Fairmead should also pay it must also pay interest on the repairs from the date Mr G paid for them, to the date he tells us he accepts my final decision (assuming he does) at 8% a year simple.*

*If Fairmead considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr G how much it's taken off. It should also give Mr G a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

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

Richard Sowden
Ombudsman