

The complaint

A charity, which I'll refer to as W, complains that HDI Global Speciality SE (HDI) unfairly declined a storm damage claim made by the previous building owner, whom I'll refer to as E, under its Church Choice insurance policy.

Mr L, who is a trustee of W, brings the complaint on W's behalf with the help of E. For ease of reading, I'll refer to all actions and comments of Mr L and E as being those of W.

What happened

The details of this complaint are well known to both parties, so I won't repeat them at length here.

Briefly, E took out a Church Choice insurance policy with HDI which includes indemnity for storm damage. W was a leaseholder under the policy at the time however the ownership of the building has since been transferred to W.

In November 2021, W's premises suffered storm damage when a section of the stone tracery lancet situated within the front window became detached and fell to the ground. At the time, E reported the claim to HDI.

HDI reviewed the claim. They found that there were storm conditions around the time of the damage to W's premises. However, they concluded that the damage was as a result of general weathering and age-related wear and tear issues which were highlighted by the storm but not caused by it.

HDI said it's not likely the damage was caused by a one-off event such as storm but rather wear and tear issues over a period of time and therefore not covered under the terms of the policy.

W maintained that there was exceptional weather conditions around the time of the damage due to storm Arwen. W said that it was unfair of HDI to reach their conclusion from reviewing one photograph which was taken from a distance and without a thorough investigation.

Our investigator recommended the complaint be upheld. He concluded there was a storm with wind gusts of at least 77mph. He didn't think HDI had provided enough evidence to show that the damage was due to wear and tear other than their own comments that this was the case. The investigator therefore recommended that an expert surveyor should be appointed to investigate the cause of the damage and then following this HDI should reconsider W's claim taking into account the findings of the expert.

HDI didn't agree to our investigator's findings. They said in their opinion they didn't believe the damage being claimed for was consistent with damage typically caused by storm. They also pointed out that there was no other damage to W's premises such as the glass, decorative stonework or its roof, which were more susceptible to storm damage. HDI maintained that in their opinion, inclement weather can highlight pre-existing defects or inherent weaknesses caused by general age-related weathering or wear and tear. HDI

therefore maintained that the proximate cause here was not the storm force winds.

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.

I have read and carefully considered everything W and HDI have said. However, my findings focus on what I consider to be the central issues, and not all the points raised. The purpose of my decision isn't to address every single point that the parties have raised. My role here is to decide whether HDI have acted fairly in this case.

The main part of W's complaint is that HDI unfairly declined the claim, on the grounds that while there were storm conditions at the time of the incident, they weren't the main cause of the damage. Rather, it was due to weathering and age-related issues with the condition of the stone, which the high winds only highlighted. W doesn't agree, saying the damage was caused by high winds as a result of storm Arwen, which was exceptional weather conditions. Furthermore, it remains unhappy that in declining the claim, HDI reached their conclusion from one photograph and didn't appoint an expert surveyor to investigate the cause of the damage.

The policy in question is a perils-based policy, so HDI is liable for damage caused by certain insured events. The damage needs to be caused by one of the insured events listed in its policy. Section 1a of the policy booklet says it's covered for loss or damage caused by a storm.

In considering whether the damage resulted from a storm or from a pre-existing issue, there are three key issues we consider:

- Were there storm conditions?
- Is the damage consistent with storm type damage?
- Was the storm the main (or dominant) cause of the damage?

If the answer to any of these questions is "no" the claim won't succeed.

It's not in dispute by either party that there was a storm.

I've also considered the Met Office report of the storm. They referred to the storm as Storm Arwen and issued a red weather warning for wind. Winds gusting widely at over 69mph were documented. The storm led to widespread reports of structural damage to buildings and uprooted trees. The northerly direction of the strongest winds was thought to be unusual and added to their destructive nature. So, I've concluded there were storm conditions present around the date of the incident.

In order to satisfy the remaining considerations from above, we'd also expect to see that the damage is typical of storm and storm is likely to be the main cause of the damage. This part of the consideration is therefore key and it's where W and HDI disagree.

Having considered both views carefully, I don't think it is sufficient for HDI to fairly conclude that the damage occurred due to wear and tear or gradual deterioration. I'll explain why.

HDI provided their own comments on what they thought caused the damage. They said the tracery is built of stone, which is a long-lasting, solid and stable building material. However, it can be subject to pollution and be affected by acidic solutions, such as rainwater. It also commented on the close proximity of the building to the sea, resulting in it being exposed to

winds containing sea salt which could have a corrosive effect.

Furthermore, HDI said its final response letter that if the stone tracery was in a good condition, it would be able to withstand any high winds and would not become detached.

While I think it's possible that general weathering and age-related wear and tear could have contributed to the damage caused, I've not seen any evidence to persuade me that this is what happened in this case. I think it's equally possible that due to the nature of the storm, the damage was caused by the storm alone.

While HDI have provided their own comments on what they think has most likely happened, I don't think this is sufficient to conclude that the damage happened because of weathering and age-related wear and tear.

From what I have seen, I agree with our investigator that in order to consider the claim fully, HDI should have appointed an expert, such as a surveyor, to carry out further investigation into the cause of the damage to decide if an exclusion applies.

HDI said to our investigator that they gave W the opportunity to provide further evidence, but it didn't provide anything. I agree with our investigator that W has demonstrated that damage did occur and therefore the burden of proof now sits with HDI to demonstrate that an exclusion applies, which they have not done.

Putting things right

A fair and reasonable outcome to this complaint would be for HDI to appoint an expert, such as a surveyor, to undertake further investigation into how the damage occurred. HDI should then reconsider the claim using the findings of the expert's report. Following this action, if W remains unhappy with HDI's consideration of the claim, W will need to raise a separate complaint.

My final decision

For the reasons set out above, my final decision is that I uphold this complaint and require HDI Global Speciality SE to:

- Appoint a qualified surveyor to undertake further investigation into how the damage occurred.
- Reconsider the claim using the findings of the expert report alongside all of the information they already have.

Under the rules of the Financial Ombudsman Service, I'm required to ask W to accept or reject my decision before 10 July 2023.

Ankita Patel
Ombudsman