

## **The complaint**

Mrs B and Mr K complain that Chaucer Insurance Company Designated Activity Company declined their claim on their home insurance policy.

## **What happened**

Mrs B and Mr K had a home insurance policy with Chaucer. In January 2021 they had a problem with a leak from a pipe under their driveway. They got the leak fixed and made a claim on their insurance in order to repair the damage.

Chaucer initially declined their claim because it said they didn't have cover for accidental damage under the policy, and this is the only way underground pipes would be covered. However Mr K disputed this as his policy documents confirmed accidental damage cover was included. Chaucer reviewed the matter and agreed accidental damage was included but it was provided by a different insurer so Mrs B and Mr K would need to contact the other insurer to make a claim.

Mr K was unhappy with this as he said he thought the cover was included under one policy. And he'd attempted to reach out to the other insurer but had been passed between companies without success. He brought his complaint to this service.

Our investigator considered the issues and recommended the complaint be upheld. She said the policy documents given to Mrs B and Mr K show that accidental damage cover is included in the policy and it isn't clear that they'd need to approach a separate company in order to claim. Due to this, she thought Chaucer should deal with the claim under the terms and conditions of accidental damage cover in the policy.

Mrs B and Mr K accepted our investigator's outcome. However Chaucer didn't. It said as cover is provided by a different insurer for accidental damage, it wouldn't be fair to ask it to cover the claim. And it said Mrs B and Mr K were given details about how to make a claim on this cover when they took out the policy. Chaucer asked for the matter to be reviewed by an ombudsman.

## **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've considered the information about the policy that was provided to Mrs B and Mr K at inception and renewal. The policy schedule states 'accidental damage' as an inclusion of cover and shows the relevant policy limit. Later in the document, under a heading of 'Optional Buildings Cover' it states:

*'Only applicable if 'Accidental Damage' Cover is shown on your Schedule...*

*Accidental Damage to Underground Pipes and Cables'*

From this, I think Mrs B and Mr K would have reasonably thought they had accidental damage cover that included underground pipes and cables, as part of their home insurance policy. As the schedule says accidental damage cover is included and then confirms that if included this includes damage to underground pipes.

Chaucer has said that while they do have the cover, it's provided by a different company and this is also detailed on the documents Mrs B and Mr K were sent at inception and renewal.

I've looked at the documents and I can see that the second page of the renewal document states:

*'Accidental Damage*

*Standard - supplied by [Company A]*

*Extended - supplied by [Company B]'*

Company A is the representative of Chaucer that goes by a different name.

Having considered this, I don't think it would have been clear to Mrs B and Mr K what they'd need to do in the event of a claim for accidental damage. Two different companies are listed and no further detail given about which should be contacted for different types of claim on the policy schedule.

Further, Mr K originally claimed under his home emergency cover, which is provided by Chaucer. And when he subsequently made a claim it initially said that the cover wasn't included at all for accidental damage. And it wasn't until Mr K persisted that it realised they had cover through a different provider. So this wasn't clear even to an insurer. I therefore don't consider it unreasonable that Mrs B and Mr K didn't understand this from the policy documents.

Further, from looking at the policy document that Chaucer has sent that is specifically for the accidental damage cover with the other business, it lists in the exclusions 'Underground pipes, drains and cables – accidental damage to'. From this it seems that cover for underground pipes wouldn't be covered in the extension anyway. This means that even if Mrs B and Mr K successfully make a claim with the other company, it will likely be declined.

Based on this, I think the information provided by Chaucer about the policy was ambiguous and misleading. The policy schedule clearly stated that accidental damage cover is included with no mention of a different company to contact. And it appears to specifically outline that underground pipes are included when the accidental damage cover is included. I think a reasonable lay consumer would read that to mean that cover is included as part of the same policy.

Moreover, cover for underground pipes is considered standard in home insurance policies, and I think it's reasonable that a consumer would assume this was covered if it wasn't made clear that it wasn't. So I think if the policy documents had been more straightforward and easy to follow, and Mrs B and Mr K had understood that they don't have cover for underground pipes, then they would likely have sought alternative home insurance cover. So the fact the documents were ambiguous and unclear has caused Mrs B and Mr K a direct loss.

It's also of note that Chaucer has now taken a number of months to deal with the claim. And while the event was over a year ago, Mrs B and Mr K have been unable to have repairs

carried out to their driveway. Had the policy documentation been clearer, then they likely wouldn't have been in this position for so long.

For these reasons, I agree with our investigator that the documentation provided by Chaucer was unclear and misleading. And this has led to Mrs B and Mr K still being no further forward with their claim. Because of this I agree Chaucer should accept the claim and settle it in line with the accidental damage terms in its policy document.

### **My final decision**

For the reasons I've given, I uphold Mrs B and Mr K's complaint. I require Chaucer Insurance Company Designated Activity Company to accept Mrs B and Mr K's claim under the accidental damage cover in its policy document and settle it in line with the policy terms and conditions, without applying an exclusion for underground pipes.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr K to accept or reject my decision before 29 December 2022.

Sophie Goodyear  
**Ombudsman**