

The complaint

The executors of the late Mr K complain that St Andrew's Insurance Plc has unfairly declined their claim for damage caused by an escape of water, under a home insurance policy.

What happened

Mr K's home was insured by St Andrew's. He died in February 2020 and his executors arranged with St Andrew's for his home insurance policy to continue. In February 2021 Mr C, on behalf of the executors, made a claim for an escape of water from a mains water pipe but after sending a plumber, St Andrew's advised that the policy had been cancelled earlier in February 2021, as advised in a call in April 2020 and its letter of 2 January 2021.

Mr C said the letters weren't received and complained to St Andrew's about the cancellation. The executors brought a separate complaint about St Andrew's handling of the policy. St Andrew's said Mr C had called in April 2020 about the property being unoccupied and it had told him the policy would be cancelled in February 2021. St Andrew's acknowledged that despite this it had allowed the policy to renew for a year in July 2021. And so St Andrew's said it would honour the policy and consider the claim and it paid Mr C £100 compensation.

St Andrew's declined the claim in April 2021 because it didn't comply with the policy terms. It said the policy restricts cover when a property is unoccupied and requires the water supply to be turned off at the mains and the system drained. But it said this hadn't happened though it had made Mr C aware by phone and seven sets of documents from 23 April 2020 to 7 July 2021, all of which included the special condition. Mr C arranged a plumber to fix the broken pipe. St Andrew's said its plumber inspected the damage and said sub-zero temperatures had caused the pipe to fail, though the pipe work was mostly insulated. The plumber said the heating system would have still been able to function with the mains water isolated.

In response to Mr C's complaint about the decline of the claim, St Andrew's said the damage was from the loft water tank, which was fed by mains water and so the mains water hadn't been turned off in accordance with the special condition. It said before the claim it wrote to Mr C and sent policy documents in March and July 2020, which provided details of the policy cover and the special condition added in respect of the unoccupancy of the property. This stated that between 1 November and 31 March mains water must be turned off and the system drained. It said its agent read the condition in full to Mr C on a call on 23 April 2020.

Mr C was unhappy with St Andrew's response and brought his complaint to us. He said the heating was set to come on for a couple of hours or so in the morning and for a couple of hours or so in the evening at no less than 15 centigrade. He said he'd told St Andrew's that the property was well maintained and visited every 2-3 days and there was a need to keep services such as gas on for maintenance.

Our investigator recommended the complaint be upheld and said St Andrew's should reconsider the claim. She said Mr C complied with the policy term as keeping the heating on meant it wasn't a requirement that the heating system be drained. She said St Andrew's plumber noted the leak was from the mains supply to the loft tank and this was a separate system to the heating. But the investigator thought it was unreasonable for St Andrew's to

expect a layperson to know this particularly as they didn't live in the property. She thought Mr C had taken all reasonable steps to keep the property safe as required by the policy.

St Andrew's disagreed with the investigator saying the policy requires mains water to be turned off during the winter and the systems to be drained. As to understanding the terms, it said these were read to Mr C and if he was in any doubt he could have asked for clarification. It said the condition is used industry wide and not considered ambiguous. St Andrew's requested an ombudsman review the complaint.

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 only considered the present complaint about St Andrew's decline of the claim, including whether it was reasonable for St Andrew's to start drying out the property, but then stop.

St Andrew's said the executors were in breach of the special condition applied to the policy in respect of the unoccupancy. Mr C questions whether it was reasonable for St Andrew's to expect a policyholder to know that a central heating system could operate independently of a mains water supply, in line with its policy requirement to turn the heating off and drain down the water supply.

I'm pleased St Andrew's reversed its decision to cancel the policy as I agree that it made errors in advising Mr C of the cancellation. St Andrew's then rejected the claim for breach of the special condition. This states:

'it is a condition of your policy that the water, gas and electricity supplies shall be turned off at the mains and during the period 1st November to 31st March the water system (excluding the central heating system) drained.' And further;

'If you wish to heat your home throughout this period and your heating system uses the water supply you do not need to drain the system or switch off the relevant power supply providing the heating is thermostatically controlled and is switched on and set to maintain a temperature of at least 50 degrees Fahrenheit or 10 degrees.'

This allows an alternative to draining the mains water down. It states that the heating can be maintained if it is separate to the mains water. The intention is to offer an alternative means of protecting the insured property from the risk of damage from a burst pipe, and places the responsibility with the policyholder to ensure the terms and conditions are met.

St Andrew's said that had the water been turned off at the mains and the system drained, as required, this would have prevented the amount of damage to the unoccupied property. The photos and plumber's report indicate that the mains water is a separate system to the central heating, and so it would have been possible to have isolated the supply and the system drained to have prevented the escape of water.

St Andrew's said the requirement of the condition ought to have been apparent to Mr C from the wording and the call and letters sent. I agree that the condition is a standard insurance industry response to unoccupancy and that it was explained to Mr C. But the action St Andrew's says Mr C should have taken depends on his understanding the difference between the mains water and the water supply required for the heating system. Mr C said he didn't realise he could turn off the mains water and leave the heating on and so he didn't turn the water off as he wanted to keep the heating on. I share the investigator's view that this

wouldn't necessarily be apparent to a policyholder, particularly one that doesn't reside at the property.

Mr C said the heating was left on for mornings and evenings and I think this shows that he intended to protect the property. He also described regular visits to the property and the need for heating at these times. I think Mr C took reasonable steps to keep the property safe as required by the policy, but unfortunately this wasn't enough. The policy covers the property for an escape of water, and I think it would be fair in all the circumstances for St Andrew's to consider the executors claim under this peril.

I think it was acceptable for St Andrew's to pause the claim to consider whether it fell within the terms of the policy condition. And I appreciate its reasoning for declining the claim, however I've concluded that it would have been fairer to the executors for the claim to have been considered without reference to the special condition.

final decision

For the reasons I have given above it is my final decision that the complaint is upheld. I require St Andrew's Insurance Plc to reconsider Mr K's executors' claim for damage to the property, without reference to the special condition applied to their policy in relation to the unoccupancy.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr K to accept or reject my decision before 20 January 2023.

Andrew Fraser
Ombudsman