

The complaint

Mr A and Mrs A have complained that AA Underwriting Insurance Company Limited (AA) unfairly declined a claim under their home insurance policy.

Mr A has mainly dealt with the claim and complaint. So, for ease, I will normally only refer to him.

What happened

Mr A contacted AA to make a claim for water damage caused by a leak from the bath. AA sent a surveyor to assess the damage. It then declined the claim because it said the damage had been caused gradually.

When Mr A complained, AA maintained its decision to decline the claim. It said the damage had been ongoing for some time and Mr A would have been aware, including because he put plastic sheeting over it to prevent further damage. AA said the policy didn't cover gradually operating causes.

So, Mr A complained to this service. Our investigator didn't uphold the complaint. She said it was reasonable to say Mr A would have been aware there was an issue caused by a leak and for AA to decline the claim.

As Mr A didn't agree, the complaint was referred to me.

I issued my provisional decision on 20 December 2022. In my provisional decision, I explained the reasons why I wasn't planning to uphold the complaint. I said:

Following a water leak, Mr A made a claim for extensive damage under the bath. AA declined the claim because it said it was a gradually operating cause, which wasn't covered by the policy. So, I've thought about whether AA acted reasonably.

Mr A said the damage happened when his father dropped the shower head, which cracked the bath. He also realised one of the taps was leaking. Mr A said he removed the bath panel, saw the condition of the floor and placed a sheet over it to prevent further damage. He also had the leaking tap fixed. I asked Mr A to confirm when this was. He sent an invoice from a plumber that was dated November 2020. I'm aware Mr A has said there might be some confusion by the plumber about when in November 2020 the work took place, but I don't think the specific date in that month makes a difference to my decision overall.

Mr A has said he contacted AA at that point and was asked to get a surveyor's report and to call back when this had been done. It's my understanding that Mr A then contacted AA again in July 2021 to make a claim. By this point, Mr A had contacted a surveyor who had provided him with a report about the condition of his home. The surveyor found evidence of wet and dry rot. The report also said:

"The floor below [the bath] has completely disintegrated due to a water loss in the pipes of the tap. The leak in the pipes has resulted in the two floorboards breaking away in one

location, The pipes were identified as leaking by the client within the last year and upon discovery, the floor was covered with a waterproof plastic sheeting layer to stop further damage and water leak was repaired.

A camera was sent into observe the damage within the floor space. It was seen that timbers in this area were covered in efflorescence likely to have dripped from above. Rust due to the leakage has also leaked on to the floorboards and is seen from below along the whole length. Indicating large amounts water ingress at a time. Likely to be when the tub was in use.”

Insurance policies cover one-off insured events. In this instance, Mr A made a claim for an escape of water. From what I’ve seen, the damage seems to have been the result of a large amount of water leaking each time the bath was in use. This seems to have been due to a leaking tap, although I’m aware Mr A found the damage when the bath-tub itself was cracked. So, that isn’t a one-off event. It was a series of events over a period of time. I’m also aware that rot was found. Rot isn’t something that happens suddenly.

AA assessed the claim and then declined it because it thought the damage was due to a gradually operating cause. It is common for insurance policies to have an exclusion for gradually operating causes. Based on what I’ve seen, I think it was reasonable for AA to conclude that the damage was the result of a gradually operating cause.

So, I’ve also thought about whether it was reasonable for AA to decide Mr A should have been aware of the damage happening. Mr A removed the bath panel in November 2020. At that point, he seemed to be aware there was damage to the floor and placed sheeting over it. Although Mr A put a sheet over the floor, this didn’t deal with the issue of the rot itself. Mr A also said he contacted AA and then a surveyor. So, I think by this point Mr A knew there was an issue that required further investigation, even if he didn’t know the full extent of it. There seemed to be a delay in a surveyor investigating because of a bereavement in Mr A’s family. Mr A then contacted AA about eight months later to follow up on the claim. I’m mindful of Mr A’s family bereavement and that he has explained this had a significant impact on him. But, despite my sympathy for Mr A following his bereavement, I think it was reasonable for AA to decide Mr A would have been aware there was an issue and that he could or should have taken action sooner to deal with it.

So, having considered what happened, I currently think it was reasonable for AA to apply the exclusion for gradual damage and to decline the claim on that basis. As a result, I don’t currently intend to uphold this complaint or to require AA to do anything further.

I asked both parties to send me any more information or evidence they wanted me to look at by 17 January 2023.

AA confirmed it didn’t have any comments.

Mr A didn’t agree with my decision. He provided photos of his home, as well as some comments. He said:

- The rust marks only happened when the bath tub had been damaged.
- The bath tub had been professionally sealed, so it was only when the bath was damaged and the cover was removed that the extent of the damage was revealed.
- He got builders in and the leak had penetrated the floorboards, which led to the tap leak dripping on to the support beams.
- It was clear that the damage was caused by a gradual leak, but there was no way he could know about it.

- The only way he could know about it was when the bath cover was removed, which wouldn't be removed until it was necessary to do so.

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've decided not to uphold the complaint and for the reasons given in my provisional decision. There doesn't seem to be any dispute that it was gradual damage. It also doesn't seem to be in dispute that Mr A was aware of the damage in November 2020, which he saw when he removed the bath panel. Mr A contacted AA at this point and AA asked him to get a surveyor's report.

Mr A's surveyor carried out an inspection in July 2021 and noted a range of issues, including "*The chipboard base of the tub is rotting and was wet at the touch indicating wet rot*". Following the survey, Mr A contacted AA again. AA then declined the claim because it said Mr A could or should have taken action sooner to deal with the damage. Between November 2020 and July 2021, the only action Mr A seemed to take to deal with the damage or to stop it getting any worse was stopping the leak and putting a plastic sheet over it. This meant issues such as the rot were left for that period without being dealt with any further.

Looking at everything that happened, I remain of the view that it was reasonable for AA to decline the claim. As a result, I don't uphold this complaint or require AA to do anything further.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that this complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A and Mr A to accept or reject my decision before 16 February 2023.

Louise O'Sullivan
Ombudsman