

The complaint

A limited company, which I'll refer to as S complains Allianz Insurance Plc unfairly declined a claim it made on a commercial buildings policy.

What happened

The details of the complaint are well known to both parties, so I will only provide a summary here and will concentrate on providing my reasons for my decision.

In brief, a property owned by S suffered a water leak. Allianz investigated and declined the claim as it believed the source of the water was ground water which was specifically excluded under the policy. It also queried the source could also be from work undertaken to repair a previous leak. Again, it said this would be excluded under the 'poor workmanship' clause.

Our investigator looked at the complaint and thought it should be upheld. She said Allianz had not been able to provide evidence the water was 'ground water' or that the cause was poor workmanship. Allianz disagreed and asked for the complaint to be reviewed by an ombudsman.

The complaint has been passed to me to decide.

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 agree with the conclusions reached by the investigator for the following reasons:

- The policy is an 'all risks' policy. S had proved a valid claim under the policy as there has been an escape of water. As Allianz wishes to decline the claim, it is for it to show an exclusion operates.
- Although there are notes within the claims file of the water board attending. This is noted that it confirmed there is no leak at street level. S says that no one from the water board entered the property so questions how a water sample could have been taken.
- Allianz has not been able to provide a copy of the sampling results or has the water board subsequently confirmed its attendance at the property.
- A contractor instructed by S records in its report that the water appears clear, and they suggest that the leak is a mains water leak.
- Based on the fact Allianz cannot prove that the water, more likely than not, came from a ground water source, I'm not persuaded it can safely rely on this exclusion to

decline the claim.

- Allianz has also suggested that an exclusion for poor workmanship may be effective, however it wasn't able to source the leak. So again here, I don't think it has demonstrated the exclusion can be applied.
- The leak was later found to be coming from a mains water pipe in the wall. S had this repaired and submitted the invoice to Allianz with pictures. Allianz has suggested that by repairing the leak, S prejudiced its position, and it didn't have the opportunity to assess this.
- I don't think it was unreasonable for S to arrange for the leak to be repaired once found. The policy covers an escape of water and Allianz hasn't been able to show an exclusion applies, as such I think it should meet the claim.
- I've considered Allianz's concerns about the invoice being altered; however, this was done as the original invoice didn't contain enough information for Allianz. So, I see nothing untoward here. While Allianz may think its suspicious it can't obtain more information from the individual that found the leak, I think a sufficient explanation has been given for this.

For the reasons above, I uphold this complaint.

Putting things right

Allianz should pay S the amount it cost it to repair the leak based on the invoices that have been provided. It should add interest at 8% simple per annum from the date S paid the invoices to the date of settlement.

My final decision

My final decision is that I uphold S's complaint against Allianz Insurance Plc. I direct it to settle the complaint as I have set out in the section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 17 December 2023.

Alison Gore
Ombudsman