

The complaint

Mr and Mrs J complain that AA Underwriting Insurance Company Limited declined their claim on their home insurance.

What happened

Mr and Mrs J had home insurance that's underwritten by AA. In February 2022 there was a storm that caused damage to their property. They made a claim on the insurance.

AA sent a surveyor to inspect the damage and subsequently declined the claim. It said, while it agreed there had been a storm, there was no external damage to the property and the internal damage had resulted due to wear and tear and the property being no longer water tight.

Mr and Mrs J were unhappy with this and made a complaint. They said there was no evidence of maintenance issues with their property and the internal damage had only appeared after the heavy rain during the storm. AA didn't uphold the complaint so they brought it to this service.

Our investigator initially said that while AA had acted fairly by declining the claim for storm damage, it should have covered the internal damage under the Accidental Damage cover in the policy.

In response AA said that it thought the water staining was to such an extent that it would have been there a while, so it thought the damage had occurred gradually over time, rather than suddenly as required for the accidental damage cover to respond. Our investigator considered this and recommended the complaint not be upheld as he thought AA had acted fairly by declining the claim for the external and internal damage.

Mr and Mrs J didn't agree. They said the damage had only appeared after the storm and water staining can develop after just a few hours, so AA hadn't acted fairly by declining the claim on this basis. They asked for the complaint to be reviewed by an ombudsman.

After the complaint came to me, I came to a different outcome to our investigator. I wrote to both sides to explain my provisional findings. I said:

- I agreed that the original decline of the claim under the storm peril was a fair one, as I'd not seen any evidence to show that there was damage to the external building caused by the storm.
- However I didn't agree AA had done enough to show that the damage to the internal building didn't happen suddenly.
- I said that water staining can develop very quickly, depending on the conditions in the property. And the storm in February 2022 lasted a number of days with strong winds and heavy rainfall, so I thought it likely that the staining built up over a number of days.
- I also thought the staining showed no signs of mould developing or drying out, so I didn't think it likely that it had been present for some time as suggested by AA.

- I therefore said I was minded to direct AA to cover the internal damage under the accidental damage cover in the policy and pay Mr and Mrs J £100 compensation to make up for the additional distress it had caused by initially declining the claim.

Response to my provisional findings

Mr and Mrs J had nothing further to add in response to my provisional findings.

AA didn't agree with my findings. It said the photos of the damage to the internal walls and ceilings were uploaded two days after the storm and the water staining was already significant. It said this showed that the stains developed some time before the storm event. It also provided comment from its inhouse desktop surveyor, who said the water staining wasn't consistent with a one-off event.

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 what AA has provided but it doesn't change my position. While its provided comment from a desktop surveyor, I don't find this persuasive. In the report issued by the surveyor that attended the property around the time of the storm, there is no comment on the damage to the internal property having been there for some time. Instead it merely comments on the external walls of the property being subject to wear and tear. An in-person inspection is more persuasive than a desk top review of photos alone. And if the surveyor who inspected the damage originally had considered the staining to have been present before the storm event, I would have expected this to have been noted in this report.

Further, while the photos were uploaded only two days after the date of the claim, the storm in question was a significant one that lasted for a few days, with a large amount of rain falling in this time. So it's likely that the staining developed over a period of a week when the storm took place. But as it was the result of one incident, I still think this fairly meets the definition of accidental damage under the policy.

As I said in my provisional findings, if the water staining had been present for some time I'd expect to see evidence of mould or softening areas that had previously dried out. And this isn't evident in any of the photos.

Based on this, I see no reason to depart from my provisional findings. And therefore require AA to accept the claim under the accidental damage cover and pay Mr and Mrs J £100 compensation.

My final decision

For the reasons I've given, I uphold Mr and Mrs J's complaint. I direct AA Underwriting Insurance Company Limited to:

- Accept Mr and Mrs J's claim for the damage to the internal part of the property under the accidental damage cover in the policy and settle the claim in line with the policy terms and conditions.
- Pay Mr and Mrs J £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J and Mr J to accept or reject my decision before 1 June 2023.

Sophie Goodyear
Ombudsman