

The complaint

Mr K is complaining about the length of time it took Amtrust Europe Limited to decline a claim he made on his buildings insurance policy for damage arising from a burst pipe.

What happened

In December 2022 Mr K contacted Amtrust to report that the insured property had suffered significant damage arising from a burst pipe. Amtrust appointed a loss adjustor to handle the claim on its behalf. For ease of reference I shall refer to anything the loss adjustor said to have been said by Amtrust.

It transpired that a pipe had burst in the loft due to the water in the pipes freezing. As a result, the ceiling collapsed and a significant amount of water escaped across the property. In March 2023, Amtrust declined the claim because it said it was a condition of the policy that, either the water is turned off, or the heating must be continuously on at least a heating of 15 degrees. Mr K had said he'd done so, but hadn't realised the energy company had installed a meter and capped the gas. So he didn't realise there wasn't any gas going to the boiler. Amtrust acknowledged this, but said the terms of the policy still remained.

Mr K didn't dispute this, but was unhappy Amtrust took three months to decline the claim. He said this had meant the damage had gotten worst in that time. He said it was his late mother's house and seeing the property deteriorate in the way it had was deeply upsetting. Amtrust agreed it could have handled the claim quicker and offered Mr K £100 in compensation.

Our investigator didn't uphold this complaint. She didn't think it was unfair for Amtrust to decline the claim. But she thought it should pay £300 in compensation for the delay in settling the claim. She acknowledged Mr K wanted B to contribute towards the mould damage, but she said this wasn't covered under the policy.

Mr K didn't agree with the investigator's opinion. He didn't dispute the decision to decline the claim, but he said the mould had happened because of the delays in handling the claim. He said he wasn't claiming for this from the policy, but as compensation for the delays.

The investigator still thought £300 was fair compensation, so the complaint's 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.

Mr K doesn't dispute Amtrust's decision to decline the claim. So I won't comment on this further in this decision, other than to say I also don't think it was unfair for it to decline the claim for the reasons it's set out.

The issue for me to decide is whether I think Amtrust's delay in declining the claim has

caused further damage to the property. But I don't think I can reasonably say it has. I'll explain why.

Amtrust took around three months to formally decline the claim. But insurers will always carry out an investigation in these circumstances. In this case, Amtrust appointed a loss adjuster to inspect the property and awaited the outcome of the plumber report to identify the cause of the leak.

The matter was complicated because it was clear that the cause of the leak was a frozen pipe, but Mr K had also set out that he'd set the heating to be on permanently at 18 degrees. So Amtrust needed to consider this and it was only later, on 21 February 2023, that Mr K informed Amtrust that he'd discovered the actual cause of the heating not being on was the energy company's actions.

I think there was always going to be a period of time between the event occurring and Amtrust coming to the conclusion it did. I also can't ignore the fact that, even when Amtrust informed Mr K it had declined the claim, he didn't get the work completed due to the significant cost in getting the work done. I'm not saying this is Mr K's fault, but it's not Amtrust's fault either.

I think Amtrust could have been a bit more pro-active in the handling of the claim and it could have declined the claim a few weeks earlier. But I don't think Mr K would be in a different position had it handled the claim quicker. I think all the additional damage is ultimately down to the fact Amtrust declined the claim, not because of any delay in the handling of the claim.

Given this, I can't reasonably require Amtrust to pay anything towards the repair costs. However, I do think these delays have added to what was already a very upsetting situation for Mr K. I can fully appreciate how upsetting it would have been for Mr K to see his late mother's property deteriorate in the way it has. As I said, I don't think Amtrust is liable for this, but the delay has added to the upset. The investigator thought Amtrust should pay £300 in compensation and I think that's fair.

My final decision

For the reasons I've set out above, it's my final decision that I uphold this complaint and I require Amtrust Europe Limited to pay Mr K £300 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 12 February 2024.

Guy Mitchell

Ombudsman