

The complaint

Mrs E and Mr E complain about HDI Global Specialty SE (“HDI”) and the decision to decline the claim they made on their home insurance policy. Mrs E and Mr E are also unhappy with the length of time it took for this decision to be reached.

Mr E has acted as the main representative and point of contact during the claim and complaint process. So, for ease of reference, I will refer to any comments made by either Mrs E or Mr E as “Mr E” throughout the decision.

What happened

The circumstances of the claim are well known to both parties. So, I don’t intend to list them in detail. But to summarise, in December 2022, Mr E’s garage ceiling collapsed. So, he made a claim on his home insurance policy. HDI were the underwriters of this policy. But they appointed a separate company, who I’ll refer to as “ICS” to administer claims made against their policies on their behalf. As ICS were acting as an agent of HDI, I will refer to any actions ICS took as if they were taken by HDI themselves.

HDI attempted to validate Mr E’s claim, which included appointing a surveyor, who I’ll refer to as “C”, to inspect the damage at Mr E’s property. But eventually, following this inspection and Mr E providing a report and invoice from his own plumber, who I’ll refer to as “P”, HDI chose to decline the claim, relying on an exclusion referring to gradual damage. Mr E was unhappy about this, so he raised a complaint.

HDI responded to Mr E’s complaint and didn’t uphold it. They thought they were fair to rely on a gradual cause exclusion, in line with C’s recommendation, considering P’s report and what they felt was Mr E’s failure to let C inspect all the areas required at his home. So, they didn’t think they needed to do anything more. Mr E was unhappy with this response, so he referred his complaint to us.

Our investigator looked into the complaint and didn’t uphold it. They recognised Mr E’s dispute of C’s testimony regarding the inability to access all the rooms affected by the leak but explained our service was unable to say for certain whose version of events were correct. But despite this, they thought HDI were fair to decline the policy, as they thought it was most likely the cause of the ceiling collapse was gradual damage caused by an ongoing leak. And they thought from the photo’s provided that Mr E ought to have been aware of this, considering water damage shown on the ceiling plasterboard. So, they didn’t think HDI needed to do anything more.

Mr E didn’t agree, and he provided extensive comments and information explaining why. These included, and are not limited to, his belief that he had no way of knowing there was a leak until the ceiling had collapsed. And, that he had kept HDI informed about his intention to arrange for permanent repairs to be completed so he didn’t think it was fair for HDI to then rely on this action to support their decision to decline the claim. Our investigator considered Mr E’s comments, but their view remained unchanged. Mr E continued to disagree and so, the complaint has been passed to me for a decision.

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'm not upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

First, I want to recognise the impact this complaint has had on Mr E and his family. I don't doubt it would've been traumatic for them to discover their garage ceiling had collapsed. And I recognise how this was impacted by their personal situation, and the need to alter the use of the garage, due to there being no rooms free to use as an office following a change in family circumstance. So, I can understand why Mr E felt a sense of urgency to fix the damage caused to the garage, so it was returned to a useable condition.

And I appreciate he purchased a home insurance policy, provided by HDI, to assist him both practically and financially in a situation such as this. So, when HDI declined the claim, I can understand the upset this would've caused, alongside the financial difficulty it most likely created. And I recognise why he'd feel unfairly treated because of this and raise a complaint about it.

But for me to say HDI should do something differently, for example overturn their original claim decision and accept the claim Mr E made, I first need to be satisfied they've done something wrong. So, I'd need to be satisfied they failed to act in line with policy terms and conditions when declining the claim. Or, if I think they did act within these, I'd need to be satisfied they acted unfairly in some other way. And while I recognise this will come as a disappointment to Mr E and his family, I don't think that's the case in this situation. And I'll explain why.

I note it's not in dispute that HDI declined Mr E's claim relying on exclusion which states they won't cover "*loss or damage caused by wear and tear or any other gradual causes*", explaining why they thought the ceiling damage had been caused gradually, by an ongoing leak.

So, I've thought about whether I think the damage was caused gradually, based on the evidence available to me. I've seen C's report, which explained they were unable to locate the leak when they attended as it had already been temporarily repaired. As they were unable to locate the leak, I don't think it was unfair for C, and so HDI, to request that Mr E provide a report from his plumber, who fixed the leak, explaining where the leak was located.

I've seen a copy of this report from P. And this report states clearly there was an escape of water from a pipe connecting the bathrooms upstairs to the garage. The report also states explicitly that this pipe was "*leaking water which was gradually soaking the insulation in the garage ceiling*" before summarising that "*most of the ceiling collapsed when it could no longer carry the weight of the water-soaked insulation*".

So, based on the above, I'm satisfied that the damage to the ceiling was caused gradually, by an ongoing leak from a water pipe. And because of this, I think under a strict application of the policy terms, HDI were acting within them when declining the claim.

But under the approach of our service, as well as ensuring there was a qualifying policy exclusion, we almost must be satisfied it was applied fairly. And when we consider an exclusion for gradual damage, for this exclusion to be applied fairly, we must consider

whether we think a customer should most likely have been aware that gradual damage was occurring.

I note Mr E doesn't think it was, referring to P's report which explained the insulation in the ceiling and wall cavity soaked up the leak and so, wouldn't have been noticeable. And I note Mr E has made further representations about this in his own testimony.

While HDI have relied on C's recommendation to decline the claim, referring to C's inability to fully inspect Mr E's home and the fact Mr E chose to complete permanent repairs before they'd provided authorisation and so, prejudiced their position.

So, where both parties have conflicting views, I've considered both points of view against the evidence provided to me to think about what I think most likely happened, based on the balance of probabilities. And then, whether I think HDI acted fairly in light of this.

In this situation, while I do recognise P's report and the opinion they provided regarding the insulation and how this soaked up the water being released from the leak, I also must note they state the weight of this water led to the ceiling collapse. And on the balance of probability, I think it's unlikely that a volume of water so significant it collapsed a ceiling structure would not present any sort of staining to the plasterboard below it. And after reviewing the photos provided of this plasterboard, it does appear there was water staining apparent.

And I must also consider this against the fact when C attended Mr E's property to inspect the damage and any cause, C was unable to inspect the bathroom which P has confirmed was connected to the leaking pipe. While there is a clear dispute about whether C was given alternative options to access this room at a later time or date, what I am able to be satisfied of is that on 20 December 2022, Mr E agreed to an attendance on 29 December 2022 between 9am and 12pm. And I can see from C's report that they attended within this timeframe. So, I don't think it's unreasonable for C to expect that the rooms directly above the collapsed ceiling would be free and available to inspect. And because access wasn't available, I have no way of saying for certain that there was no evidence of a leak present in this room.

Finally, I must also consider the above against the fact Mr E chose to proceed with the permanent repairs to the garage ceiling, meaning a further inspection couldn't take place. While I do understand why he took this decision, considering it had been three months since the event and he had personal circumstances which meant he wanted to be able to use the garage as an office, I do think he took this decision while knowing HDI were still considering the claim. And I don't think HDI, or C, gave Mr E any guarantees that the claim would be accepted and to what settlement amount.

So, when considering all the above, while I do recognise why Mr E took the actions he did and also why he feels so strongly regarding his own view and testimony, I don't think I have enough evidence to satisfy me that, on the balance of probability, HDI were unfair to apply the gradual damage exclusion on this occasion. And because of this, I don't think they need to do anything more.

I understand this isn't the outcome Mr E was hoping for. And I want to reassure Mr E I've thought at length about the impact this decision will have on him, and his family, and his financial position considering he's had to cover the costs of the repairs, and this will leave him without reimbursement.

But as I've explained above, I don't think I can say HDI have done something wrong here that means I should direct them to accept the claim he made. And, while I have also

considered the overall service they provided and the length of time the claim took, I note that within three months of the claim being raised, he had completed the repairs through P himself.

And I note that from 5 January – 16 February, HDI were awaiting a report from P to progress the claim and so, I don't think they can be held accountable for any delays during this time. And considering the complexity of the claim and the fact C weren't able to complete a full inspection and so needed to review additional evidence from P, I don't think I can say there were avoidable delays caused by HDI that should warrant any financial compensation on this occasion.

My final decision

For the reasons outlined above, I don't uphold Mrs E and Mr E's complaint about HDI Global Specialty SE.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E and Mr E to accept or reject my decision before 19 February 2024.

Josh Haskey
Ombudsman