

The complaint

Mrs D has complained that Society of Lloyd's ("SOL") declined a claim she made on her buildings insurance policy for a drainage problem.

Reference to Mrs D or SOL includes their respective agents and representatives.

What happened

As the circumstances of this complaint aren't in dispute, I'll summarise what's happened.

- In March 2022, Mrs D got in touch with SOL about a drainage problem. She'd noticed a blockage and called a local contractor, E, who found the drain had collapsed.
- SOL asked Mrs D to have a CCTV survey carried out. She paid E to do that, and it quoted over £5,000 to have the problem put right.
- SOL appointed a loss adjuster to consider the survey. They said the damage hadn't been caused accidentally, as required by the policy, but rather as a result of wear and tear and gradual deterioration of the pipe. They declined the claim.
- Mrs D said she thought the drain had been damaged by decking posts directly above the drain causing ground movement. She suggested the loss adjuster inspect the site to look into it further. The loss adjuster said they didn't think that would make a difference and declined to visit. They maintained their position on the cause of damage and invited Mrs D to show otherwise. She complained in July 2022.
- SOL said the claim had been declined on assumption and agreed a visit should be carried out to consider the claim further. It paid £250 compensation.
- Mrs D was contacted to arrange a CCTV survey. When she pointed out she'd already had one carried out, the loss adjuster again questioned whether a visit would be beneficial. After some time, the loss adjuster reiterated the claim was declined, for the same reasons, without visiting. Mrs D complained again in October 2022.
- SOL said it was correct to decline the claim, but it accepted it had caused delays and communicated poorly. It paid a further £150 compensation.
- Our investigator thought SOL had fairly declined the claim. She said SOL hadn't handled the claim well and had mismanaged Mrs D's expectations, but a total of £400 compensation was a reasonable remedy to that.
- Mrs D didn't think this was a fair outcome. She questioned how anyone could make a judgement about the potential impact of the decking posts without visiting the site. And noted SOL had, in response to the first complaint, agreed to such a visit – but didn't carry it out.

- Our investigator wasn't persuaded to change her mind, so the complaint has been passed to me.

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.

- The policy covers "the cost of repairing accidental damage caused by external and visible means from a single identifiable event to ... underground water pipes". SOL has accepted that includes drainage pipes.
- In a nutshell, SOL has declined the claim because it says the damage wasn't caused by an external and/or single identifiable event. It also noted that the policy doesn't cover any damage caused by "wear and tear or any gradually operating cause".
- There's no dispute the drainage pipes were made of pitch fibre material, which had blistered, deformed and collapsed. Inherent flaws in the material mean this kind of damage is very common and it usually happens gradually over time. I haven't seen any evidence to the contrary in this case.
- Mrs D has raised the possibility that the decking posts caused, or at least contributed to, the damage. She says they could have caused ground movement, which in turn would have disturbed the pipe. Or they could have directly impacted the pipe when they were installed. I can see from photos the decking is directly above the drainage, so damage resulting from the decking posts is a possibility that can't be ruled out. However, there's no evidence to suggest this is the likely cause of damage.
- The nature of the damage is long term deterioration of pitch fibre material. That isn't consistent with the kind of damage that would likely be caused by the sudden impact of a decking post on a pipe. Or, if the post caused ground movement and, in turn, that disturbed the pipe, the damage would still likely have been gradual. And I note none of the professionals involved have said the decking posts are more likely to have caused the damage than deterioration of the pipe material.
- SOL is entitled to make a claim assessment on the balance of probability. It doesn't have to prove its point beyond reasonable doubt and/or conclusively rule out all possibilities. Here, I'm satisfied it's shown the damage was likely to have been gradual as a result of the pipe material degrading over time.
- I don't think SOL has shown the damage was caused specifically by wear and tear. But that doesn't make a difference, as it's shown the damage was gradual – and that alone is sufficient to show the policy term above wasn't met.
- Overall, I think it was reasonable for SOL to decline the claim on the basis the damage wasn't external and/or the result of a single identifiable event.
- It's not in dispute that SOL handled the claim poorly. I think it reached a fair claim outcome in a reasonable period of time initially. And when Mrs D suggested an alternative cause of damage, it was right for SOL to consider whether that changed its position. But from that point onwards, it took many months to give Mrs D a final outcome. And during that time, its communication was poor. It agreed to a site visit, then changed its mind, and it took a long time to say that. Mrs D often had to chase

for an update, often didn't receive a prompt response, and her expectations weren't well managed. So it's clear she was caused avoidable distress and inconvenience.

- As a result, I think it was right for SOL to offer compensation. Taking everything into account, I'm satisfied a total of £400 was reasonable in the circumstances. I understand Mrs D may only have accepted the initial £250 offered. If she would like to accept the remaining £150, she's entitled to ask SOL to make the payment.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 29 February 2024.

James Neville
Ombudsman