

The complaint

Mrs M has complained that Tesco Underwriting Limited declined her claim for water damage following a leak from her fridge freezer.

What happened

Mrs M contacted Tesco under her policy in April 2023 when her integrated fridge freezer broke down. Water had leaked out and damaged her wooden dining room floor.

The call handler confirmed that Mrs M was covered and asked if the flooring went through to any other rooms. Mrs M confirmed that it did and provided a video showing that.

A few days later she received a call to say she wasn't covered and the claim was declined as she didn't have accidental damage cover.

Mrs M complained and said this wasn't accidental damage, as it was an escape of water and that was covered under the policy. Tesco partially upheld her complaint. They still declined the claim, but they paid her £50 for giving incorrect information on the first call.

Mrs M was unhappy with this response and brought her complaint to us.

One of our investigators has looked into Mrs M's complaint. He thought that Tesco had unfairly declined the claim and that there was cover for an escape of water in this situation. He recommended that Tesco settle the claim and pay a further £100 compensation.

Tesco disagreed with our investigators view, and so the case has come to me to review.

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 am upholding this complaint, and I will explain why below.

Tesco have declined this claim because they say that this situation isn't covered under the policy as an escape of water.

So I've looked at the policy to see what it says about an escape of water. On page 14 under "Buildings cover – What is Covered", the policy says:

"Your buildings are covered for loss or damage arising as a result of the insured incidents listed in the sections below,...

8. Water or oil escaping from any fixed domestic water or heating installation, including underground drains and pipes, or from any domestic appliance".

Tesco have said that this wording means that the domestic appliance needs to be "fixed", and as the fridge freezer wasn't "fixed" it isn't covered.

I disagree with this interpretation. The wording of the policy refers to the escape of water or oil having to be from “*any fixed domestic water or heating installation OR from any domestic appliance*” – so I’m not satisfied that the domestic appliance has to be fixed - I think being “fixed” only applies to domestic heating and water installations.

Also – if Tesco’s interpretation was correct, it’s difficult to see what domestic appliances would be covered, because arguably no domestic appliance is “fixed”, as most plug in and don’t require professional fitting in the way that a heating or water appliance would.

In their response to the investigator, Tesco have defined “fixed” as “plumbed in” and say that this excludes the fridge freezer. However, this definition isn’t in the policy terms, and I think if the intention was to exclude appliances that weren’t plumbed in, the policy would need to explicitly say that in the exclusions.

And so in light of the above I’m satisfied that Tesco have unfairly declined Mrs M’s claim.

I can see that the investigator has increased the compensation payment for distress and inconvenience to £150 from the £50 previously offered by Tesco. I think this is fair taking into account the additional impact caused by having to live with the warped floor for several months.

Putting things right

To put things right I think that Tesco should:

- Settle Mrs M’s claim in line with the remaining terms and conditions of the policy.
- Pay Mrs M a total of £150 for the distress and inconvenience – deducting the payment of £50 if this has already been issued.
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My final decision

My decision is that I uphold Mrs M’s complaint about Tesco Underwriting Limited and direct them to put things right as above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs M to accept or reject my decision before 12 October 2023.

Joanne Ward
Ombudsman