

The complaint

Mr M has complained about his property insurer HDI Global Speciality SE regarding a flood claim he made. The cellar of his home and contents stored within it were affected.

What happened

Mr M found water in his cellar in late November/early December 2022. He made a claim, HDI appointed a loss adjuster and began investigations. However, Mr M wasn't happy with how the claim was progressing and complained. In a final response letter of 30 March 2023 HDI, looking at activity occurring until 19 January 2023, accepted there had been a small period of delay. For which it apologised. Mr M complained to the Financial Ombudsman Service. Our Investigator, in that respect, felt the apology was sufficient redress. The complaint closed.

However, Mr M had remained unhappy about HDI's handling of the claim during 2023. Following our Investigator's view, Mr M made a further complaint. He said he'd reached a point of sheer frustration and disappointment. He said he felt there was negligence and general disregard for his family's wellbeing. He said there was a complete lack of effective communication which was exacerbating anxiety and distress.

In a final response dated 8 June 2023 HDI said it accepted there had been many delays caused by it throughout the claim. It apologised and offered £200 compensation.

Mr M said that as the flood claim remained unresolved, payment of £200 wasn't sufficient redress. He asked for a higher sum to truly reflect the sheer unprofessionalism of the loss adjuster with all the distress and inconvenience that had caused. HDI responded advising Mr M that the claim had been declined. It said that, on that basis, it couldn't increase the compensation award. HDI said the claim was declined due to the water ingress not having resulted from an insured peril. It said Mr M was free to complain if he wished.

Our Investigator reviewed what had happened since 19 January 2023. He felt HDI should be accepting the claim as there seemed to have been a flood. He said it should pay £400 compensation for the upset caused.

Mr M accepted the findings. HDI said there hadn't been consistent rainfall before the loss. It added that given the age of the property, it wouldn't have been built with damp proofing so it's likely always been subject to damp, which is supported by photos.

The complaint was referred for an Ombudsman's 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 agree with our Investigator that it's time for HDI to accept this claim. It initially considered it as one of accidental damage to underground pipes. Even though it

knew a body of water, about one foot deep had been found in the cellar. I accept that in order to think about repairs, it needed to consider if there was a drain issue. But that shouldn't have precluded it from dealing with the potential for a claim under the cover for flood instead.

Mr M provided a report which confirmed there'd been a sudden build up of water in the cellar. There were photos. I think that was sufficient, on the face of it, to show he'd likely suffered an event, a flood, covered by the policy. So it was then up to HDI to show why that reasonably was not the case.

I appreciate that HDI did review weather records and found signs of damp in the cellar. But even if the rainfall was limited (and its loss adjuster seems to dispute that) and there were signs of pre-existing damp, that doesn't mean it's unlikely water built up suddenly in the cellar. I bear in mind the cellar was clearly used for storing lots of personal items and some furniture too. There were items with wooden legs, as well as storage boxes, all in contact with the floor. I've not seen any assessment of these items which might suggest they were suffering from long-term exposure to water. If HDI had wanted to support an argument of a gradual build up of water which, therefore, might fall outside the specific policy definition it has applied for flood, that is something it could have looked to do. Based on the evidence HDI has provided I'm not persuaded it has shown it's most likely that a flood did not occur at Mr M's home.

HDI has not been able to show it's most likely that a flood, as covered by the policy, did not occur. So it's only reasonable that it moves to settle Mr M's claim in line with the remaining terms and conditions of the policy. It should treat him as a priority. If he's incurred costs in supporting his claim or due to it not having been settled, HDI will have to consider those and reimburse Mr M, plus interest*.

I know the period between 19 January 2023 and the point in June 2023 when HDI declined the claim was difficult for Mr M. I completely understand he was anxious and worried about what was happening. He was also living in a property with a moisture affected cellar which had started to suffer mould and was smelly. I think HDI should pay Mr M £400 compensation for the upset it's caused. I know it offered £200 in June 2023. If this has been paid already it will now only have to pay the difference remaining of £200.

Putting things right

I require HDI to:

- Settle Mr M's claims for buildings and contents damaged by flood, in line with the policy's remaining terms and conditions. Treating this as a priority.
- Reimburse Mr M any costs he incurred in supporting his claim or due to it not having been settled. Where proof of payment is provided, plus interest* from the date of payment until settlement is made.
- Pay Mr M £400 compensation, but if £200 has been paid already, only the difference outstanding will have to be paid.

*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require HDI to take off tax from this interest. If asked, it must give Mr M a certificate showing how much tax it's taken off.

My final decision

I uphold this complaint. I require HDI Global Specialty SE to provide the redress set out above at “Putting things right”.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr M to accept or reject my decision before 20 December 2023.

Fiona Robinson
Ombudsman