

The complaint

Mr and Mrs T complain that Accredited Insurance (Europe) Ltd (AIE) didn't pay their full claim for trace and access under their home insurance policy.

AIE use agents to administer the policy and to assess claims. Reference to AIE includes these agents.

What happened

In January 2023 Mr T contacted AIE to report that his boiler was losing pressure and that there was a leak from a heating pipe under the floor. Mr T instructed a leak detection company to find the leak and carry out the repair. AIE arranged for a surveyor to inspect the damage caused by the leak and it agreed to cover the repair element of the claim. It also advised Mr T that the policy covered trace and access but that it didn't cover the cost of repairing the leak itself.

Mr T sent the trace and access invoice to AIE. This amounted to £1,590 plus VAT. AIE said the cost was excessive and offered £450.

Mr and Mrs T weren't happy with this offer and complained. AIE referred to its terms and conditions and said that the invoice for trace and access wasn't reasonable and that its offer of £450 was fair. Mr and Mrs T didn't agree and brought their complaint to this service.

Our investigator didn't think AIE had treated Mr and Mrs T fairly and that it should reimburse the full trace and access cost plus interest at 8%. Mr and Mrs T accepted this. AIE said that it had made it clear to Mr T via its portal that the cost needed to be reasonable, and that Mr T could have checked the cost with it before going ahead. It did, however, increase its offer to 50% of the trace and access invoice. Mr and Mrs T didn't accept this and so the matter has come 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.

I've started by looking at the terms and conditions of the policy. Section 1 deals with buildings cover and I can see that it covers an escape of water. In relation to trace and access it says *"We will also pay up to £10,000 per incident for reasonable and necessary costs to remove any part of the building to find the source of damage to your home caused by: a. water escaping from any fixed water or heating installation, apparatus or pipes"*. I'm therefore satisfied that the policy covers trace and access.

I've also looked at the messages recorded on AIE's claims portal to see what was discussed. I can see that Mr T told AIE that he would need trace and access and was advised that this was covered under his policy. He also told AIE the name of the company he wanted to use, and he was asked to send in his invoice. The only advice Mr T was given was that the costs must be reasonable.

Having received Mr T's invoice for trace and access, AIE then said that £1,590 plus VAT was unreasonable. It says that this was more than it would have paid its own contractors to carry out trace and access. However, apart from this it hasn't said why it considers Mr T's invoice to be excessive. Mr T wasn't given any indication what might be considered reasonable – and I don't think it fair to expect Mr T to know what is reasonable without guidance. He wasn't advised to get different quotes or to check the cost with AIE before going ahead. AIE says that Mr T could have checked the cost with it anyway, but I think if AIE had wanted Mr T to do this it should have asked him.

I also note that AIE didn't offer to carry out the trace and access itself. AIE would be aware that it was likely to cost more for Mr T to get the work done himself. This is because most insurers will have relationships with contractors whose costs are likely to be lower than those charged by a policyholder's own contractor. If AIE wanted to keep its costs to what it would have paid its own contractors, it could have instructed them to carry out the work.

In the circumstances, I don't think AIE has treated Mr and Mrs T fairly. I think Mr T took care to ensure he understood the process for trace and access. He told AIE who he was going to instruct and believed them to be a reputable company. He had no reason to believe that their quote would not be reasonable. He was also aware of the £10,000 policy limit and that the cost was well within this amount.

I therefore uphold this complaint and require AIE to reimburse Mr and Mrs T the full amount for the trace and access of £1,908 including VAT. As Mr and Mrs T have been without this money since they paid their invoice, I also think it fair that AIE pay interest at 8% on this sum from the date the invoice was paid to the date the money is reimbursed.

My final decision

My final decision is that I uphold this complaint and require Accredited Insurance (Europe) Ltd to:

- pay Mr and Mrs T £1,908 for the trace and access; and
- pay interest on the above amount at the rate of 8% from the date Mr and Mrs T paid their invoice to the date the monies are reimbursed to them.

If AIE considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr and Mrs T how much it's taken off. It should also give Mr and Mrs T a certificate showing this if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T and Mrs T to accept or reject my decision before 7 December 2023.

Elizabeth Middleton
Ombudsman