

The complaint

Ms S complains about the way Fairmead Insurance Limited has handled a claim she made under her home insurance policy for water damage.

Reference to Fairmead includes agents and representatives.

What happened

The circumstances aren't in dispute, so I'll summarise the background:

- Ms S bought a home and took out insurance for it with Fairmead in December 2021. In May 2022 she noticed the kitchen floor was soft. She lifted it and discovered the floorboards and joists were rotten. She got in touch with Fairmead to make a claim.
- Fairmead had the damage inspected and said the problem was severe historic damp – which wasn't covered by the policy.
- Ms S took advice from a company, P, who said water may have escaped from the washing machine or sink. Fairmead inspected the damage again, but didn't find evidence of a leak, and maintained the claim should be declined. Ms S complained.
- Fairmead didn't change its position, so Ms S referred her complaint to this Service.
- Our investigator said the complaint should be upheld. He thought the damage had likely been caused gradually given all three inspections had reached that view. But he didn't think Ms S could have been aware of that, given the damage was under the floor. As a result, he said it would be fair for Fairmead to accept the claim, source and repair the leak, and pay £300 compensation.
- Both parties agreed and the complaint was resolved in January 2023.
- Fairmead appointed a leak detection company. They identified a leak on the incoming water main. Fairmead also appointed A, a drainage company. A identified a separate problem with a gully, which they repaired in February. And they carried out work to reroute the water main pipe in April.
- Ms S reported two problems following A's gully repair. Firstly, she said A had damaged air bricks and foam was coming out of them where it hadn't before. A said its work didn't impact the bricks and the foam was put in place when the bricks were installed. Secondly, she said water was leaking into the kitchen subfloor. A said it wasn't coming from the drainage system. Ms S complained.
- Fairmead said A hadn't caused any damage to the bricks or the water problem in the subfloor. Ms S referred her complaint to this Service.
- In the meantime, the claim continued. Fairmead paid around £6,000 to settle it,

including the cost of building repairs and a temporary kitchen for the duration of repairs. As water continued to leak into the kitchen subfloor, Fairmead appointed C, another drainage company. C didn't find any leaks near the kitchen.

- Fairmead appointed a surveyor to inspect the problem. They said the main cause of the dampness was an inherent building defect – an extensively deteriorated damp proof course. As a result, Fairmead thought its payment to settle the claim was fair, and it didn't agree to extend the temporary kitchen further.
- Ms S took further advice from P. It said the original damp proofing was effective and the problem had been caused by water over a prolonged period of time. It didn't comment on the work carried out by A or say where the water was coming from.
- Our investigator thought Fairmead should carry out further investigation into the source of the water and pay £300 compensation. Neither party agreed. Ms S didn't think this went far enough to put things right. And Fairmead thought it had reached a fair position with the claim already. So the complaint has been passed to me.

My provisional decision

I recently issued a provisional decision in which I said:

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 damage caused by flood and/or an escape of water from pipes and the like. Fairmead has accepted the claim on the basis that some of the water damage has been caused by leaks from the water main pipe and gully. As a result, it's made a payment for damage to the kitchen.
- Ms S says she can't get the kitchen damage repaired whilst water enters the subfloor. I understand it continues to do so from time to time and as recently as last week. She would like Fairmead to find and resolve the water source so that she can have the kitchen repaired.
- Fairmead says it's carried out repairs to resolve problems with the water leaks. And subsequent drain testing hasn't found any ongoing leaks. Ms S hasn't provided evidence to challenge this position. Based on the comments of its surveyor, Fairmead says water continues to enter the subfloor due to inadequate damp proofing. Ms S has provided evidence from P to challenge this position.
- I've read the comments of both the surveyor and P carefully. Having done so, I'm more persuaded by what the surveyor has said. Their reports are more thoroughly explained and are accompanied by photos which clearly support their findings. The surveyor agrees with P in so far as *some* damp proofing is present and effective. But they say, and have shown, that the damp proofing at subfloor level has deteriorated significantly. As a result, there's effectively no barrier to stop underground moisture making its way into the subfloor. There, in an enclosed space, water has collected and caused rot. The surveyor notes this is likely to have been going on for a long period of time, given the extent of damage and the presence of a car jack and other unconventional repairs to the timber joists below the floor.
- I'm not satisfied damage caused in this way is covered by the policy. It's clearly not an escape of water from a pipe or similar. And I'm not persuaded it amounts to flood.

So, whilst it's not something Ms S could have known about, neither is it something covered by her home insurance policy. Fairmead has previously let her know about potential options for exploring liability for the problem further.

- Ms S hasn't complained about Fairmead's cash settlement offer itself. So I haven't considered it. But if she doesn't think it's a fair reflection of the costs involved in repairing the damage caused by the water leaks – and a temporary kitchen for the duration of those repairs only – then she's entitled to take that up with Fairmead.
- Since Ms S' complaint was made earlier this year, the drain testing and the surveyor's report have shown A didn't cause any further leaks during its repairs. And I haven't seen any evidence to show it damaged the air bricks. So I don't think Fairmead needs to do anything further on these points.
- Although I'm satisfied Fairmead has reached a fair position with the claim, I'm not satisfied it did so as quickly as it ought to have done.
- After the previous complaint was resolved in January 2023, Fairmead took steps to identify and repair the leaks. That was completed in April 2023. But despite Ms S raising concerns about the continued water problems, it took until August 2023 for a surveyor's report to be carried out. Not all of the intervening time is something I can hold Fairmead responsible for. But looking through the claim notes, there were avoidable delays. Fairmead appointed numerous parties to handle the claim and itself had several different members of staff contributing to the claims. As a result, it was often unclear which party was expected to take the next step and what that step was. As a result, the claim stalled.
- During that time, Ms S was having to use a temporary kitchen, which would have been inconvenient. It would also have been frustrating waiting to find out if and when Fairmead would resolve the water problem. But once Fairmead had the surveyor's report and clarified it wouldn't take any further steps with the water problem, having already paid the cash settlement, I don't think it was responsible for any distress and inconvenience Ms S suffered afterward. That's an unfortunate consequence of the damp proofing problem, which I can't hold against Fairmead.
- I also note A accepts it left a lot of mess after it carried out repairs – and was slow to tidy it up after Ms S asked it to. That would have added to her frustration.
- Taking all of this into account, I'm satisfied £300 compensation is fair and reasonable in the circumstances. This is separate and in addition to the £300 Fairmead paid for the previous complaint.

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.

Fairmead didn't challenge my provisional decision.

Ms S provided further comments and information for me to consider. Whilst I've read and considered everything she's said, I'll only respond to the points I think are relevant to explaining the outcome of the complaint. I'll take each in turn.

- I think Ms S' main point is that there may be an ongoing leak still. She says her water

bills are higher than they ought to be. And she remains concerned that A's work has caused a leak. She says water is entering her home where that work was carried out.

- To recap, after A carried out work, it said it hadn't caused any damage and/or leaks. C inspected the area and didn't find any problems. And the surveyor said the water was the result of the damp proof course being defective – not a leak. And whilst P had said they thought at least some of the damp proof course was effective, they hadn't said where the water was coming from. Taking this all into account, I was satisfied there was no evidence to show A had caused damage and/or a leak – or that the water had come from any leak which might be covered by the policy.
- In response to my provisional decision, Ms S has provided a letter from her local water company. It says her meter readings are "higher than what would be typically expected" for her living arrangements. I can understand why this may cause her concern. But I'm not persuaded it outweighs the evidence noted in the previous bullet point. There could be a number of reasons for 'higher than expected' readings. So unless a leak were found, I'm not satisfied this changes my earlier findings.
- Ms S provided further comments from P. It said: "in our opinion the cause of the decay has been evaporation from the damp oversite caused we understand by a defective stop tap". This is similar to what it said in a previous report: "we understand from [Ms S] that following a faulty stop tap and some drainage issues this area has been flooded in the past. We understand these defects have been repaired". In summary, P has said there were water leaks, they caused the problem, and they've since been repaired. That matches Fairmead's position. P hasn't said the leaks remain outstanding and/or that A caused damage and/or a further leak. So I'm not satisfied the information from P challenges Fairmead's position on this point.
- Ms S also provided a quote from a drainage company to investigate the matter. She's entitled to pay for that. And if it reveals any leaks and/or a suggestion A caused a problem, she's welcome to share that with Fairmead for it to consider further. But as it stands, the quote doesn't provide any material information, so there's nothing for me to consider. And given the investigations Fairmead has carried out so far, I'm not persuaded it needs to pay for more at this time.
- Ms S said she was only given a temporary kitchen intermittently and faced costs for laundry whilst her kitchen was unavailable.
- The kitchen floor was removed in late March. Prior to that time, I understand the kitchen could be used as normal. Shortly before the floor was removed, Fairmead paid for Ms S to have a temporary kitchen. It remained with her until early May. By that time, Fairmead had paid to settle the claim, resolved the leaks through A's work, and C hadn't found any problems. So it had done everything it needed to under the claim, leaving Ms S to take the next steps.
- When Ms S later reiterated her concerns that A had caused a leak, Fairmead reinstated the temporary kitchen whilst it looked into things. After the surveyor said the water was the result of the damp proof course and not a leak, Fairmead had investigated Ms S' concerns, so it withdrew the temporary kitchen again.
- Overall, that means Fairmead provided a temporary kitchen when Ms S was unable to use hers as normal and whilst the claim was being investigated. When the claim was settled and the investigations had been completed, Fairmead withdrew the temporary kitchen. In these circumstances, I'm satisfied Fairmead acted reasonably.

- If Ms S has laundry or other costs, whilst the claim was being investigated, as a result of being unable to use the kitchen as usual, she's entitled to share these with Fairmead and I'd expect it to consider the matter further.
- Ms S says she did raise a concern about the settlement Fairmead paid her. I can see it made an initial offer and she challenged it. After that, it increased the offer and paid her nearly £6,000. I haven't seen any evidence that after she received the increased offer, she complained about it to Fairmead. That's why I said she hadn't complained about Fairmead's cash settlement offer itself – and why I didn't consider it. But if she doesn't think it's a fair reflection of the costs involved in repairing the damage caused by the water leaks – and a temporary kitchen for the duration of those repairs only – then she's entitled to take that up with Fairmead.
- Ms S has reiterated that she's had a bad experience during the claim. Some of that I think was Fairmead's fault, which is why I'll require it to pay her compensation. In particular, there were avoidable delays, communication problems – and the mess left by A after its repairs, which took too long to be tidied up.
- Ms S says A verbally abused her by shouting at her and it wasn't prepared to tidy up the mess. On the other hand, A says Ms S was rude to them, so it refused to work in those conditions. This was a verbal exchange, without any objective evidence of it. So I don't think it would be fair for me to make a finding about it either way.
- I must take into account that much of Ms S' bad experience wasn't caused by Fairmead – it's not responsible for the original leaks, the damp proof problem or any of the distress that's flowed from these things. So whilst I can appreciate Ms S' distress and inconvenience at finding a significant problem under her kitchen, some of which isn't covered by her policy, that's not something I can hold against Fairmead. That's reflected in the compensation amount.
- In summary, based on the evidence I've seen, I'm satisfied Fairmead has resolved all the water leaks from pipes. It's paid Ms S a sum of money to repair the damage caused by those leaks. Any remaining water ingress is the result of a damp proof problem, rather than a leak, and that's not covered by the policy. So I don't think Fairmead needs to do anything further about the claim at this time. It need only pay compensation for the way it handled the claim.
- However, if Ms S shares further evidence with Fairmead, I would expect it to consider that information carefully and decide whether that changes its position.

My final decision

I uphold this complaint.

I require Fairmead Insurance Limited to pay £300 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 11 December 2023.

James Neville
Ombudsman