

## **The complaint**

Mr L and Ms Z complain about how Accredited Insurance (Europe) Ltd considered their home insurance claim.

Accredited are the underwriters (insurers) of this policy. Some of this complaint concerns the actions of their appointed agents. As Accredited accept they are accountable for the actions of their agents, in my decision, any reference to Accredited should be interpreted as also covering the actions of their appointed agents.

This was a joint policy, but as Mr L has primarily been involved in the complaint, I'll mainly refer to him in my decision.

## **What happened**

Mr L and Ms Z had a home insurance policy with Accredited. In January 2023 they noticed an issue with their kitchen ceiling and made contact with a plumber. A plumber then attended on 20 March 2023. Mr L let Accredited know and they arranged for a surveyor to attend on 21 March 2023.

When the surveyor attended, they couldn't identify the proximate cause of the leak. They said this was because a plumber on behalf of Mr L had already stripped out much of the bathroom including tiles, flooring and the shower. The claim was repudiated.

Mr L provided further information to allow Accredited to verify the claim but they maintained the repudiation, Accredited said that by stripping out the bathroom, Mr L had prejudiced the claim as they were unable to determine the proximate cause of the damage.

Mr L raised a complaint about the claim decline and although Accredited maintained the decline, they did offer £75 compensation for avoidable delays. As Mr L remained unhappy, he referred his complaint to our Service for an independent review. Our Investigator considered the complaint and recommended that Accredited pay a further £225 compensation for any distress or inconvenience caused by how they'd handled things. They also recommended that Accredited review the claim again. As Accredited didn't accept the findings, the complaint was then referred to me for a decision.

I recently sent both parties a copy of my provisional, intended findings. As the deadline for responses has now passed, I've considered the complaint for a final 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.

Our Service is an alternative, informal dispute resolution service. Although I may not address every point raised as part of this complaint - I have considered them. This isn't intended as a discourtesy to either party – it simply reflects the informal nature of our Service.

## *Responses to provisional decision*

Neither party has provided any new evidence or comments that materially changes the outcome I'd provisionally intended to reach. Therefore I've included the key findings from my provisional decision below as they form the basis of this, my final decision.

Mr L's main response point was:

*"The only thing I would add is that as well as using the Portal, we did try to contact Accredited via phone to confirm how we should proceed. We were told by an automated claims message to follow the advice on the portal which is why we proceeded as we did, effectively treating the portal as written confirmation at that point."*

I revert back to my earlier findings – the information could have been clearer, but I still find that Accredited can rely on the policy terms. It's reasonable that an insurer is given an opportunity to review and validate a claim. As I made clear, where Mr L hasn't followed the claim requirements/steps, *"it doesn't automatically follow that Accredited can fairly and reasonably decline the overall claim"*. So regardless of what should or shouldn't have happened when Mr L discovered the damage to his ceiling, I've still considered how Accredited have dealt with this claim and how they've treated Mr L and Ms Z overall.

I've also kept in mind (although it's not material to the complaint outcome) that upon discovering the extent of the damage described, I find it more likely than not Mr L wouldn't have ignored damage - for health and safety reasons, and instead had a repair arranged – regardless of the likely insurance claim outcome.

Mr L also queried the timeframes for the next steps that will need to be taken by Accredited. Accredited have already told our Service that they'll action the direction once the complaint closes. This would normally be once Mr L and Ms Z accept my decision.

#### *The scope of my decision*

It's relevant and important that I'm clear about what my decision will and will not be considering. This is mainly for Accredited's benefit.

Mr L and Ms Z complained and Accredited provided a final response letter ('FRL') dated 12 July 2023. In that FRL, Accredited ultimately stated: *"there is still not sufficient evidence to determine what was damaged for us to be able to make a settlement offer. For this reason we are still unable to validate the claim on the basis that our position has been prejudiced by the already completed strip out works"*.

I am only considering events (how the claim has been considered and the service provided when considering the claim) up until the date of that final response letter. When the complaint was referred to our Service, Accredited told us:

*"...our position has been prejudiced by the already completed strip out works..... we were told that the works had already been started. This meant that the Field Surveyor was unable to locate the cause of the leak or damage as the work was already being completed."*

However they also raised a new decline reason – that they hadn't been notified of the leak for more than 30 days since it was noticed. This was not addressed by the FRL referred for our consideration. I won't be considering this point.

We received two responses from Accredited to the Investigator's assessment. In their second response, dated 23 November 2023, Accredited again referred to leaks having been

occurring for some time and provided another new reason to decline the claim – there was an installation issue with the shower. I also won't be considering this point.

Our Service aims to be pragmatic and resolve complaints with minimal formality. But we also have to draw a line - as fair and reasonable works both ways. It's not acceptable that a respondent business decides to add new decline reasons without the complainant even having sight of these or being given a fair opportunity to respond.

Aside from this, our Service is a not for profit organisation and we aren't here to act as claims handlers for respondent businesses. Put simply, we generally will only consider the complaint as it was referred to our Service. Any further decline reasons could be grounds for a new complaint event and that complaint could later be referred to us for an investigation.

If all parties are not on board with respecting this, then complaints could remain open indefinitely with ever changing claim decline reasons being provided. To look at this another way, if a complainant (Mr L) started raising new complaint points after referral to our Service, we'd generally say they need to first raise the points with the business before we could investigate those points.

In any case, an expectation exists that respondent businesses will properly consider a claim and (if declining it) all the reasons for declining it - at the time the claim is made and again when investigating any complaint before issuing a FRL – not afterwards, if/when a complaint is referred to our Service. I'd remind Accredited of their obligations under ICOBS:

<https://www.handbook.fca.org.uk/handbook/ICOBS/8/?view=chapter>

*Have Accredited fairly and reasonably considered the claim before declining it in line with the policy terms?*

The starting point of any insurance claim is the policy holder has to prove/evidence their loss and then it is the responsibility of the insurer to consider and investigate the claim in line with the policy terms.

Accredited said in their final response letter that Mr L prejudiced the claim by having most of the bathroom removed prior to their surveyor visiting. They said they were unable to validate the claim. at face value, I don't consider this unreasonable. But I've then weighed it up against the rest of the evidence.

Mr L told us that the Accredited portal stated: *"if you have only had a temporary repair completed then you will need to arrange for a permanent repair to take place before we are able to progress with your claim. We would like to advise that under the terms of your policy you are liable to get the leak fixed and provide us with a Cause of Damage Report, for example your Plumber's report/invoice, in order for us to validate the claim."* He says he asked his plumber to carry out a repair based on this. Whilst I can understand why Mr L may have interpreted as he has done, it's common practice (for most policies of this nature) that an insurer will first consider a claim/repair before work commences. The exception would usually be where a repair can't wait and a policy holder must take immediate action to mitigate further, serious damage.

I've then considered the policy terms which state that 1- temporary repairs can be carried out to reduce further damage, but that permanent repairs should not be carried out without Accredited's written permission and 2- damaged items should not be destroyed or gotten rid of without Accredited's permission as they may need to inspect them.

I can understand that from Mr L's perspective he may have felt the portal was directing him

to have a permanent repair completed. But this doesn't override the policy terms that clearly outline the requirement to have permission from Accredited and to retain evidence to allow them to validate the claim.

It's positive that Accredited arranged for a surveyor to visit Mr L's property relatively quickly after claim notification. I note from their report they stated:

*"The plumber has completely ripped out the bathroom, studwork, shower & rotten flooring to both rooms, but **has not identified the cause of leak to the PH.**" [bold added for emphasis by Ombudsman]* And;

*"Evidence of EOW is indicated by rotten joists under the area where shower was located, & under this there is bubbling to the kitchen ceiling. As the bathroom has been removed completely, to include stripping of all wall & floor tiles, stud wall & bedroom cupboard **there is no known cause of the EOW**" [bold added for emphasis by Ombudsman]* And:

*"...No evidence of the issues are now visible as the shower & bathroom have been completely stripped out.... PH wishes to pursue the claim & will provide photos & plumber report to insurers".*

Even if I set to one side Mr L's argument that it was the portal message that prompted him to have a permanent repair carried out, he has still not followed the process as set out in his policy terms. However, even if Mr L did breach the policy terms, it doesn't automatically follow that Accredited can fairly and reasonably decline the overall claim.

I have kept in mind that some of the 'damage' removed from the bathroom was still onsite at the time of the surveyor's visit. This is supported by photographs. But no evidence has been provided that the surveyor made any reasonable attempt to inspect the removed bathroom materials.

I've also considered that no evidence has been presented that Accredited sought to speak with the plumber to get their opinion (irrespective of the above reference from the surveyor's report). As it stands, I'm not persuaded that Accredited can sufficiently demonstrate they've investigated the claim before declining it, or when Mr L raised a complaint.

In summary, it may be that Accredited can fairly decline this claim, but up until the date of the final response letter, they've not shown they've sufficiently investigated the claim before declining it and this has caused Mr L and Ms Z avoidable distress and inconvenience.

### *Summary*

- It seems to be generally accepted that an escape of water has taken place, from an unknown source/sources. I find that Accredited should have done more to investigate the claim, at the front end - when it was made, not later on.
- Instead, they didn't and seemingly provided two further reasons to decline the claim after Mr L referred his complaint to our Service for an independent investigation. As outlined above, it's not the role of our Service to facilitate claims handling and I've not considered the two later claim decline reasons in this decision.
- It may well be the case that this claim is still ultimately declined, but Accredited need to demonstrate to Mr L that they've fairly investigated it first. Should Mr L remain unhappy, that would be grounds for a new complaint that he'd first need to raise with Accredited before our Service could consider it.

- Accredited need to pay Mr L £200 for avoidable trouble and upset caused by their claims handling. They will also need to reimburse him for trace and access costs, subject to reasonable proof of payment.

### **Putting things right**

Accredited Insurance (Europe) Ltd will now need to reconsider the claim after making contact with the plumber who initially responded and consider any other relevant evidence. This should be done, at the latest, within four weeks from the date of our service notifying them if Mr L and Ms Z accept my final decision. They will then need to either:

- Settle the claim in line with the remaining policy terms and add 8% simple interest per annum from the date Mr L paid for the repair works until the date claim settlement is made; or (if declining the claim)
- clearly outline to Mr L all the reasons why they're declining the claim.

It appears that trace and access works would have been required prior to any attempted repair to try and establish the escape of water cause/s. If things had happened as they ought to, Mr L would have notified Accredited Insurance (Europe) Ltd and they'd have likely arranged for trace and access to take place.

- If Mr L has incurred these costs, subject to them being covered under the relevant policy terms, I direct Accredited Insurance (Europe) Ltd to reimburse the trace and access costs, subject to Mr L providing reasonable proof of payment.
- 8% simple interest per annum should be added from the date that Mr L made payment, until the date that Accredited Insurance (Europe) Ltd make payment to him.

Accredited Insurance (Europe) Ltd offered a total of £75 in recognition of the service they'd offered.

- I find a total of £200 to be fair, reasonable and proportionate.

### **My final decision**

I partially uphold this complaint and direct Accredited Insurance (Europe) Ltd to follow my direction as set out under the heading 'Putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L and Ms Z to accept or reject my decision before 23 April 2024.

Daniel O'Shea  
**Ombudsman**