

The complaint

Mr P complains Accredited Insurance (Europe) Ltd unfairly declined his home insurance claim.

Accredited's been represented for the claim and complaint. For simplicity I've referred to the agent's actions as being Accredited's own.

What happened

When decorating his home Mr P discovered rotten floorboards and excessive damp below. He claimed against his Accredited home insurance policy. The insurer sent a drainage firm to inspect Mr P's drains. After receiving its report it declined to cover damage to the pipe. The report said ground movement had likely caused damage to a pipe – and an open joint was allowing water to enter the building.

Accredited referred to Accidental Damage (AD) to mains services cover provided by Mr P's policy. It explained ground movement isn't considered as AD. It explained the policy doesn't cover the property against wear and tear and for general maintenance. Mr P raised a complaint. He felt the damage met the policy definition of AD. He also asked why damage couldn't be covered under the escape of water section of his policy.

In response Accredited said the claim was declined as there's no evidence of AD. It said cracking caused by ground movement would be classed as damage caused by wear and tear or gradual deterioration. It highlighted that that AD to mains services excludes that cause. Accredited said Mr P could raise a separate claim under his escape of water cover.

Mr P wasn't satisfied so came to this service. He said there was nothing in his policy that says the issue isn't covered. He asked that Accredited send someone to identify how water is getting into his home and causing damage. He wants his claim to be paid. He added that the experience has caused him distress.

Our Investigator felt the damage to the pipe should be covered under the AD to mains services part of the policy. She felt the movement would have happened gradually – but there was no way for Mr P to know about it until its sudden discovery. So she didn't feel it would be fair to decline the claim.

She recommended Accredited pay the claim and £500 compensation for distress and inconvenience. She also said it should reimburse Mr P for the cost of a wet and dry vacuum and energy costs for a dehumidifier. Mr P accepted that outcome. As Accredited didn't the complaint was passed to me to decide.

I'm only considering in this complaint Accredited's response to Mr P's AD to mains services claim. That covers the cost of damage to the pipe itself. It doesn't cover damage caused by the water escaping from the pipe – for example to the floor joists. The escape of water cover would be the more appropriate section of the policy for that. I haven't considered if any damage should be covered under that peril. I haven't seen evidence of a relevant claim or

response from Accredited. If Mr P isn't satisfied with a relevant response from Accredited he could consider raising a further complaint.

I issued a provisional decision. In it I explained why I didn't intend to require Accredited Insurance (Europe) Plc to pay Mr P's AD to mains services claim or to do anything differently. As its reasoning forms part of this final decision, I've copied it in below.

I also invited Mr P and Accredited to provide any further comments or evidence they would like me to consider before issuing this final decision. Accredited didn't respond. Mr P didn't accept my proposed outcome. He provided some comments. I've considered those and responded below.

what I've provisionally 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.

As this is an informal service I'm not going to respond here to every point or piece of evidence Mr P and Accredited have provided. Instead I've focused on those I consider to be key or central to the issue. But I would like to reassure both that I have considered everything submitted.

Insurance policies, like Mr P's, cover loss or damage caused by specific listed events. Mr P's includes cover for the cost of repairing AD to mains services. The policy defines AD as sudden, unexpected and physical damage which happens at a specific time, was not deliberate and was caused by something external and identifiable. So for the claim to be payable, under the policy, the circumstance of the loss is required to meet each of those stipulations.

Accredited doesn't accept it did. So it says it's not covering the damage to the pipes as it wasn't caused covered by an insured peril. Its opinion is based on its drainage survey. Its position appears to be that the definition of AD isn't met for two reasons. First there was no external force to cause the damage. Secondly ground movement is a gradual cause – i.e. the damage wasn't sudden.

I don't agree with Accredited's position that there was no external and identifiable cause. The only identified likely cause is ground movement. That would be external to the pipe.

However, I do think it's unlikely the damage was 'sudden' – as is required by the AD definition. The physical damage found to the pipe, by the drain inspection, was multiple cracks and a large open joint. That seems unlikely to have happened suddenly or at a specific time.

Mr P's said it was 'sudden' in the sense that he only discovered the problem when decorating. Our Investigator felt it was fair for the claim to be paid as Mr P made a sudden discovery. However, the policy terms require the damage to the pipe to be sudden – not the discovery of the damage.

So having considered everything provided so far, I intend to find that Accredited's decision to decline the AD claim was fair and in line with the terms of Mr P's policy. So I won't be requiring it to pay the claim. It follows that I also don't intend to require Accredited to pay the compensation or other costs recommended by the Investigator.

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.

Mr P's response didn't address my finding that the damage to the pipe wasn't sudden – so didn't meet the terms of the AD to mains services cover. So I don't have any reason to change my position on that issue.

Mr P's comments focused on the lack of consideration of an escape of water claim. He referred to Accredited failing to consider one. As I've said I haven't seen evidence of an escape of water claim response from Accredited. So it wouldn't be appropriate for me, at this point, to issue a finding on a claim under that part of the policy.

I have seen that Accredited, in its final response letter of August 2023, explained to Mr P that he could raise a claim for escape of water. If he has tried to do that, as he says, and isn't satisfied with how Accredited responded he could raise a separate complaint – and refer it to this service if then still unsatisfied.

Finally Mr P said he had hoped for resolution that involved repair of the pipe. As an explanation for him – the escape of water section of his policy includes an exclusion for damage to the pipe itself. So he may find that, even with a successful escape of water claim, Accredited doesn't agree to cover the cost of repairing the pipe itself. As explained escape of water cover is intended to cover the damage caused by the water – for example to walls or floors.

The AD to mains services cover would potentially cover damage to a pipe itself. I realise this will be disappointing for Mr P but I'm not, for the reasons explained above, persuaded the circumstances meet the requirements of that part of his policy.

My final decision

For the reasons given above, I don't require Accredited Insurance (Europe) Plc to pay Mr P's AD to mains services claim or to do anything differently.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 20 March 2024.

Daniel Martin
Ombudsman