

## **The complaint**

Ms M and Mr Q complain about the way that Accredited Insurance (Europe) Ltd has handled an escape of water claim they made on a home insurance policy.

## **What happened**

The background to this complaint is well-known to both parties. So I've simply set out a summary of what I think are the key events.

In June 2023, Ms M and Mr Q's water company let them know there was a water leak under their property. So Ms M and Mr Q made a claim on their policy.

Accredited sent out one of its specialist contractors, which was unable to find the leak, although it suggested where it thought the leak might be coming from. Ms M and Mr Q engaged their own plumber who they said dug up the area Accredited's specialist had indicated, to find it was dry. Mrs M and Mr Q asked another contractor to investigate the source of the leak, but that contractor was also unsuccessful. Ultimately, Accredited to cover the costs of tracing and accessing the leak and sent another contractor, who concluded that the leak was coming from the domestic cold water supply. The contractor recommended that the cold water supply should be rerouted.

After some discussion about cover, Accredited ultimately agreed to pay the cost of tracing and accessing the leak; the reroute and reinstatement works. It seems most costs were settled by late September 2023.

Ms M and Mr Q were very unhappy with the way Accredited had handled their claim and they complained. They said they'd been given poor service by Accredited's first contractor; Accredited had failed to keep them updated and they'd been given contradictory information about cover. They also said that they'd been caused a great deal of trouble and upset, as their home had been damaged by failed trace and access works. And Ms M was concerned her health had been affected by the situation.

Accredited offered to pay Ms M and Mr Q £150 compensation, in addition to the costs it had already settled which strictly weren't covered by the policy terms. But Ms M and Mr Q didn't think this offer went far enough and so they asked us to look into their complaint.

Our investigator thought Accredited should pay Ms M and Mr Q a total of £500 compensation to reflect the impact of its handling of the claim on them.

Accredited disagreed. It maintained that it had paid more than its strict liability under the policy terms. It also pointed to the fact that this had been a complex claim and that Ms M and Mr Q's own contractor hadn't been able to find the leak. It increased its compensation offer to £200.

The complaint's been passed to me to decide.

## **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 think the fair outcome to this complaint is for Accredited to pay Ms M and Mr Q a total of £500 compensation and I'll explain why.

First, it's important I make the parameters of this decision clear. I will only be considering Accredited's handling of this claim up until 6 November 2023 – the date it issued its final response to Ms M and Mr Q's complaint. Ms M and Mr Q say that the repair works led to accidental damage being caused to their home and that they've experienced further issues in Accredited's handling of the claim on an ongoing basis. However, as our investigator explained, if Ms M and Mr Q are unhappy with Accredited's handling of their claim after 6 November 2023, they'll need to make a new complaint to it about that issue alone. That's because the regulator's rules say that a financial business must be given a chance to investigate and respond to a complaint before we can potentially look into it.

The relevant regulator's rules say that insurers must handle claims promptly and fairly; that they must provide reasonable guidance to help a policyholder make a claim; and that they mustn't turn down claims unreasonably. The regulator's principles also say that financial businesses must pay due regard to the interests of their clients and treat them fairly. I've taken these rules into account, amongst other things, when deciding whether I think Accredited treated Ms M and Mr Q fairly.

Accredited accepts that it didn't handle Ms M and Mr Q's claim as well as it should have done. It acknowledged that it initially appointed the wrong contractor to deal with the claim; it agrees that communications could have been better; and that Ms M and Mr Q were given contradictory information as to what was and wasn't covered. It's clear that it paid significant costs over and above the scope of the policy terms when it agreed to accept and settle this claim, in part, to reflect the errors that had been made in the handling of it. Accredited also offered total compensation of £200 on top of the claim costs. So I've carefully considered whether I think Accredited has now made a fair offer to resolve the complaint. In the particular circumstances of this complaint, I don't think it has, as I've gone on to explore.

I've looked closely at the relevant policy terms and conditions. I agree that much of the work Accredited has paid for is outside a strict application of the policy terms. I was pleased to see Accredited cover Ms M and Mr Q's claim costs, even though, strictly, much of the work wouldn't have been covered under the contract terms. I say that because the policy covers trace and access if there's damage to a property from the escape of water. Nor would the pipe reroute usually be payable. In this case, there doesn't seem to have been readily visible evidence of water damage to Ms M and Mr Q's home. I'm mindful too that this does appear to have been a complex claim.

However, when deciding what fair compensation should be, I need to think about the likely specific impact of Accredited's claim handling on Ms M and Mr Q, given their particular circumstances. Accredited appears to have known that Ms M had been suffering from cancer. It also appears that she was on the waiting list for hip replacement surgery. When Accredited sent the initial specialist out, it seems to have sent a contractor which it now says wasn't right for the job. It identified a potential leak area but left things unresolved. Acting on the contractor's suggestion; Ms M and Mr Q's own plumber carried out trace and access works to in their home in a bathroom, only to find no evidence of a leak. Their second contractor carried out trace and access works in their kitchen and hallway. This left holes dug out of the floor. In my view, given Ms M was awaiting hip surgery, she would've been concerned about safely navigating her home – especially given the importance of a kitchen

in day to day family life. And given Accredited's second contractor didn't find any evidence of a leak in those areas, it seems that this work was largely unnecessary. The moisture levels instead seemed to be elevated in boxing in the dining room.

Ms M and Mr Q say that their ability to use water was affected, as they were concerned by the impact of continued water leakage under their home. They've said this meant they had to turn the water on and off, which also affected their ability to obtain hot water. I don't doubt this was distressing for them. And, as I've said, given Ms M's health, I think access to hot water was important to her.

It seems to me that if Accredited had appointed an appropriate contractor at the outset, rather than around three weeks later, many of these issues could have been mitigated. I think it's likely Ms M and Mr Q would still have suffered some disruption to their home. But I think if Accredited had appointed its second contractor at the start, the cause of the leak could have been swiftly found and the pipe could have been rerouted. And it seems less likely that there'd have been such significant damage to Ms M and Mr Q's home from unnecessary trace and access works.

I'd add that these errors seem to have been compounded by failings in Accredited's communication with Ms M and Mr Q during the life of the claim. There were failures to keep Ms M and Mr Q updated. And they were given conflicting information about what would and wouldn't be covered. I think this caused further, avoidable trouble and upset to Ms M and Mr Q, at an already worrying time for them. It doesn't appear that they were given a clear explanation as to the settlement and claim position until late September 2023, meaning this matter was ongoing for broadly three months.

Taking those factors together, I do think Ms M and Mr Q were caused more than a modest level of distress and inconvenience. Instead, on the facts of this case, I think an award of £500 compensation is fair, reasonable and proportionate to reflect the impact of Accredited's claim failings over a period of several weeks. And so it follows that I'm directing Accredited to pay Ms M and Mr Q total compensation of £500.

### **My final decision**

For the reasons I've given above, my final decision is that I uphold this complaint.

I direct Accredited Insurance (Europe) Ltd to pay Ms M and Mr Q total compensation of £500 (less any compensation amount it's already paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M and Mr Q to accept or reject my decision before 18 March 2024.

Lisa Barham  
**Ombudsman**