

The complaint

Mr O is unhappy about the claim decision and settlement he received from Accredited Insurance (Europe) Ltd following a claim he made under his home insurance policy.

What happened

Mr O held a home insurance policy which was underwritten by Accredited. Any reference to Accredited throughout this decision also includes any other businesses which have acted as its agents or representatives.

During a period of heavy rainfall, water penetrated through the wall of Mr O's basement, and it was flooded. He contacted Accredited to report potential defects or damage with his drainage system. He said he wasn't sure he wanted to make a claim and asked whether he could have his own contractors carry out investigative works before deciding if he would make a claim. He was told he could go ahead, and that he could contact Accredited again at a later stage should he need assistance.

Mr O had various investigative and repair works carried out to his drainage at a cost of around £5,000. But these repairs didn't resolve the issue, so Mr O made a claim to Accredited. Accredited sent out a drainage specialist who noted that various repair works had already been carried out. They completed additional investigations, and camera surveys, and noted a broken trap and blockage further up the drainage run – past where Mr O's contractors had carried out repairs. The drainage specialist noted there was no sign of any accidental damage and so recommended Accredited decline the claim.

Based on this, Accredited said there was no cover for the issues with the drainage. But it offered to reimburse Mr O for the investigative works he'd had carried out, based on what it would have paid its network contractors to do the works, had Mr O not had them carried out himself.

Mr O disputed this and said the drainage specialist who actually attended his property told him further excavation and investigations were needed to confirm the cause of the issue. After multiple calls back and forth, Accredited sent a further drainage specialist to complete additional investigations and a second report. This report noted a broken trap, junction and pipe as well as a roof tile in the pipe causing a blockage. The report said the issues had been caused by a combination of ground movement and the blockage. The report concluded there was no evidence of accidental damage to the pipes and so recommended that Accredited decline the claim.

One of our investigators considered the complaint and thought it should be partially upheld. He said he was persuaded that Accredited's decision that the issues with the drainage weren't covered was reasonable, in light of the available expert evidence. But he didn't agree it was fair for Accredited to limit reimbursement of the investigation costs to its preferential supplier rates. This was because Mr O had called in advance and asked if he could carry out his own investigations, and Accredited hadn't been clear enough about the potential cost implications of this.

Our investigator also issued a second assessment to specifically address the customer service Mr O had received from Accredited. He said there were some delays and communication issues which meant Mr O spent avoidable time chasing and communicating with Accredited to keep things moving. He said Accredited should pay Mr O £150 compensation to put this right.

Neither side accepted our investigator's assessment. So, as no agreement has been reached, the complaint has 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, while I appreciate it will come as a disappointment to Mr O, I agree with the outcome reached by our investigator. I'll explain why addressing the key elements of the complaint separately.

To be clear, I don't intend on commenting on every individual point the parties have raised throughout Mr O's claim and complaint. Instead, I'll focus on what I think is key to reaching a fair and reasonable outcome in the circumstances of this case. I don't mean this as a discourtesy, rather it reflects the informal nature of this service and my role in it. But I'd like to reassure both parties that I've considered all the information they've provided when reaching my final decision

Claim decision

The claim which Mr O initially made and which he complained about is for damaged and/or defective drainage and was considered under the accidental damage to mains services section of his policy. So, my decision here focuses only on the claim and complaint which Mr O has made, and which Accredited has answered.

Mr O has more recently queried why damage to his basement and the rooms above, as a result of water entering a second time, hasn't been included in this claim. But, as advised by our investigator, Accredited hasn't considered or responded to a complaint about internal damage caused by the water, only a complaint about the claim for damaged or defective drainage. Should Mr O wish to make a claim for damage caused by an escape of water, he can raise this directly with Accredited. And should he be unhappy with the handling or decision on that claim, he can raise a new complaint with Accredited, which could later be referred to the Financial Ombudsman Service, subject to our normal rules and timescales.

As mentioned above, Accredited has considered Mr O's claim under the accidental damage to mains services section of his policy:

“Accidental damage to mains services

We will pay the costs of repairing accidental damage to underground pipes, tanks, cables, services (including their inspection covers) that reach from the buildings to the public supply and septic tanks, which you are legally responsible for.”

Accidental damage is also specifically defined within the policy booklet:

“Accidental damage

Sudden, unexpected and physical damage which:

- i. happens at a specific time; and*
- ii. was not deliberate; and*
- iii. was caused by something external and identifiable”*

I've thought carefully about all the evidence and arguments around whether the issues with the drainage should be covered. Based on the available expert evidence, it seems there were two separate issues – broken traps and pipework and a blockage. So, I've considered whether either ought to be covered.

Accredited's second expert report references ground movement but doesn't go into additional detail about this. I've listened to calls between Mr O and Accredited where he queried this, and where Accredited advised its drainage specialist had confirmed their opinion that the damaged trap and pipework were most likely the result of ground movement. And from the actual report, I can see the drainage specialist made a clear finding that there was no evidence of accidental damage to the trap or pipework.

Mr O has expressed concerns about the persuasiveness of Accredited's reports because they've been completed by one company, but the actual investigations were subcontracted to another company. I can appreciate Mr O's concern here, but as the report has been completed by a qualified drainage specialist, who has reviewed the notes and photographs taken by the drainage specialist on site, I still find it to be persuasive. And as Mr O hasn't provided any contradictory expert opinion, I find the available drainage specialist's reports to be the most persuasive evidence available. Based on this, I'm persuaded that the damage to the trap and pipe wasn't accidental damage – as defined – and so wouldn't be covered under Mr O's claim.

In any event, from the calls I've listened to, Mr O seems to accept that the damaged trap issue wouldn't be covered. He says it was likely there for a long time prior to the incident. He's also said a broken or cracked trap wouldn't cause the pipes to back up into his basement, rather it would slowly leak water into the ground. In Mr O's view, the issue with the drainage which caused the flooding of his basement was the blockage.

Mr O's view on this is also consistent with the findings of two drainage specialists' reports, both of which refer to a blockage or blockages. But the accidental damage to mains services section also contains a list of things not covered under that section, one of which states:

“We don't cover:

...

c. cleaning blocked drains or sewer pipes unless the blockage is caused by damage to the drains themselves”

There is no evidence that the blockage in this case is a result of damage to the drains. The blockage seems to be a broken roof tile which had made its way into the drainage run. There is also no evidence that the tile caused any accidental physical damage to the drainage. So, as there is no accidental damage to the drainage, and as the blockage isn't covered either due to the above exclusion, I'm satisfied that Accredited's decision to decline the claim under the accidental damage to mains services section was fair and reasonable.

Investigation costs

Despite declining Mr O's claim for accidental damage to his mains services, Accredited has accepted it should cover the initial investigation works under the trace and access section of the policy. But Accredited says this should be limited to the amount it would have paid its contractors to do the works. This is because Mr O carried out the works himself at a higher cost than it could have had the works completed for.

Ordinarily, in circumstances where an insurer hasn't been given the opportunity to appoint its own contractors to carry out works, I'd consider it fair for it to limit any subsequent settlement to its preferential rates. But in this case, Mr O contacted Accredited to discuss the issues, query what he would and wouldn't be covered for and to ask if he could get his own contractors to do some investigation works. From some of its responses, Accredited appears to have been confused, at times, as to whether this call took place before or after Mr O had the works done. But from the evidence I've seen, I'm persuaded this call took place on 22 June 2023 which was before he had his contractors carry out any works.

During this call, I would have expected the call handler to make clear to Mr O the potential cost implications of using his own contractors for investigation work prior to making a claim, rather than making a claim and allowing Accredited to appoint a network contractor. But having listened to the call, I'm not satisfied this was made sufficiently clear to Mr O.

Mr O has explained that had he understood that he'd only be covered for what Accredited would have paid its contractors to investigate, he wouldn't have gone ahead with his own contractors at a higher cost. And I'm persuaded that he wouldn't. So, in these circumstances, I don't think it would be fair to allow Accredited to limit the settlement for the initial investigation costs to its preferential rates.

Mr O has provided Accredited and the Financial Ombudsman Service with his contractor's invoice for the works he carried out in late June/early July 2023. This invoice includes works to supply and install new drainage materials, which wouldn't be covered under the claim – because the issues with the drainage were not accident damage. But the invoice also includes various costs for investigation works and putting right the ground afterwards.

The trace and access cover provided is explained in the policy booklet:

“Trace and access (finding the problem)

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; or*
- b. oil escaping from any fixed oil-fired heating installation, apparatus or pipes*

We will also pay to make good any damage to the building after the leak has been fixed, as long as this cost is covered by the £10,000 limit referred to above.”

I'd also note that the policy definition of building includes driveways.

The issue in dispute in relation to the investigation costs is whether they ought to be settled at Accredited's preferential rates, or at the rates Mr O had to pay. And I've outlined above that I think Accredited should pay based on Mr O's rates. Accredited has suggested to our service that the investigation works on Mr O's invoice appear to total £1,015. But in suggesting this figure – which it didn't share with Mr O – Accredited doesn't seem to have considered whether the costs Mr O incurred for making good after the investigation works ought to have been covered or not. And it's not provided any broken-down offer of settlement for the investigation costs or any supporting rationale to Mr O either. So, taking all the above into account, I'm not directing a specific amount that needs to be paid for investigation costs under this complaint.

Instead, I think a fair resolution to the issue I'm deciding under this complaint is for Accredited to consider Mr O's invoice against the terms of the trace and access cover and then reimburse him any amounts he is entitled to under the policy terms. When doing so, Accredited should also consider the approach of the Financial Ombudsman Service when a consumer has been unfairly deprived of funds they otherwise should've been entitled to under the policy.

Should a further dispute over the specific amount that Accredited needs to pay Mr O arise, it can be dealt with as a new complaint, and with Accredited in the first instance.

Service

Mr O has complained about delays and unclear communication throughout his claim and complaint.

I appreciate Mr O has suffered a significant amount of distress and inconvenience during his claim and complaint. But I think most of this is a result of the claim decision, which I've decided was fair, rather than being caused solely as a result of something Accredited did wrong.

I'm also mindful that the claim has been somewhat confused by the issues initially being reported but not claimed for. And then by some, but not all, of the required investigation and repairs being carried out by Mr O's contractor. I think this led to some unavoidable confusion as to what the issues were, and what further investigations needed to take place, and I don't think it would be fair to hold Accredited solely responsible for this.

That said, I do think there were instances where Accredited caused Mr O some additional and avoidable distress and inconvenience.

I've listened to the calls between Accredited and Mr O, and I agree that there were times when Accredited could have been clearer with Mr O about its position on the claim and the reasons for it, which would have been frustrating for Mr O. Clearer information would also likely have prevented him from making further calls to go over the same issues.

I also think there were avoidable delays following the completion of the initial drainage specialist's report. Mr O made it clear to Accredited that he wanted additional excavations and investigations carried out, based on what Accredited's drainage specialist told him needed to happen. But it took around six weeks for Accredited to accept this and to arrange a second drainage specialist's visit. I think this was avoidable and that Mr O would have suffered some unnecessary distress and inconvenience as a result.

Taking everything into account, I think Accredited should pay Mr O £150 to compensate him for the avoidable distress and inconvenience he suffered solely as a result of the things Accredited did wrong.

My final decision

For the reasons I've explained above, I uphold Mr O's complaint in part. Accredited Insurance (Europe) Ltd must:

- Consider Mr O's invoice against the terms of the trace and access cover and then reimburse him any amounts he is entitled to under the policy terms.
- Pay Mr O £150 compensation for the distress and inconvenience it has caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 30 August 2024.

Adam Golding
Ombudsman