

## **The complaint**

Ms B complains about Accredited Insurance (Europe) Limited (“Accredited”) for its decision to decline her claim for damage to her home following a leak. She wants Accredited to accept her claim and pay for the repairs needed to her home.

## **What happened**

Ms B purchased her home in 2021. She took out home insurance with Accredited. Her policy detailed, in relation to escapes of water, that:

“We will cover loss or damage caused by:

a) Escape of water from any:

i. Fixed domestic water installation; ...”.

Ms B noticed areas of dampness in her home, including the walls of her kitchen and the wall between the bathroom and kitchen.

She began investigating this and, in Summer 2022, she engaged damp contractors who were unable to identify a source of dampness.

They recommended that Ms B engage leak detection specialists. Ms B did this, and she obtained a leak detection survey in August 2022.

This again was inconclusive, so she instructed a second damp specialist.

They advised her that they considered the moisture was likely from a leak but did not identify where the leak was coming from.

Ms B then contacted a plumber, and they identified a leak from the toilet, into a tiled wall. They repaired it immediately during their visit in October 2022.

Ms B continued looking into possible damp and her property was assessed again in mid-October 2022. At that time, the dampness had begun salting, which she was advised was a sign that it was starting to dry out.

The damp surveyor reassessed Ms B’s home in December 2022 and noted that the salting had increased. He concluded that the moisture had been caused by the toilet leak into a wall where the water had become trapped, and it was now drying out.

Ms B then submitted a claim to Accredited in January 2023. She has received a quote for repairs needed for around £13,000.

Accredited sent a surveyor to her home in mid-January 2023. This surveyor observed the large area of salt formed on the kitchen wall. The surveyor concluded that there was no evidence of water damage and speculated that there could be an ongoing issue with damp. He noted that there were no signs of water ingress.

Based on that survey, Accredited rejected Ms B's claim. Ms B complained and Accredited sent its final decision letter to her in April 2023.

In that letter it maintained its decision to reject the claim on the basis that there was no insured peril.

It also said that she had failed to mitigate her loss as a potential leak had been identified in August 2022 but was not repaired until around 2 months later.

Ms B contacted us. Our investigator looked into this matter and did not uphold Ms B's complaint. They felt that the arguments put forward by Accredited were not unreasonable.

Ms B did not accept that view and asked for an ombudsman decision.

I issued a provisional decision in relation to this matter in January 2024. In my provisional decision, I explained that I disagreed with my colleague's view and I thought that Accredited had been wrong to decline the claim. I thought that Accredited ought to settle Ms B's claim and pay her compensation for her distress and inconvenience.

That provisional decision has been shared with the parties and they have been invited to comment.

Ms B has not responded to the decision, but Accredited has provided a response.

Accredited disagrees with my assessment of the evidence and it maintains that Ms B failed to mitigate her loss. Accredited says that the leak was identified in August 2022 but not repaired until October 2022 and so was allowed to cause further damage.

Accredited argues that I misunderstood its earlier submissions where it had criticised Ms B's decision to repair the leak on the basis that Accredited was then unable to validate the leak. It now says that it does not dispute that a leak occurred, but the issue from Accredited's perspective is that Ms B failed to mitigate her loss by not having the leak repaired sooner.

### **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.

Accredited's position in response to this claim has changed over time. In its initial decision to decline the claim, and in its final response to Ms B's complaint in April 2023, it argued that there was:

*"no insured peril at [Ms B's] property, as there is no evidence of water damage in the bathroom, and damage to the kitchen is unrelated to any leak present".*

In its submission to our service, in October 2023, Accredited then focussed mainly on its argument that Ms B failed to mitigate the damage from the leak.

It stated:

*“There is also the factor that the policyholder has prejudiced our position by having this leak prior to our knowledge, the policy wording states:*

*5. **You** may carryout any temporary repairs that are necessary to reduce any further loss or damage, but do not carry out any permanent repairs without first getting **our** written permission.*

*In having the leak repaired, this causes issues with us being able to validate the leak, cause of the leak, and resultant damage that this would have caused.”*

Now, following my provisional decision, and in response to my comment that a leak occurred from the toilet and caused damage, and that this appeared to meet the policy criteria, Accredited submits:

*“There is no dispute in this criteria. We have stated that the policyholder failed to immediately mitigate any damage, as we are not satisfied that following the [surveyor’s] visit in August 2022, that any progress was made especially through September, and into October when the visit from the plumber is mentioned. We consider that a two month period between notification of a possible leak to November when the leak is fixed is not prompt action to reduce loss.”*

I addressed the earlier comments in my provisional decision and explained why I considered there was evidence of an insured peril (the leak from the toilet), and why I considered that Ms B had acted promptly in response to the advice she received and in investigating possible causes of dampness.

Accredited now appears to accept that there was an insured peril and that this is not disputed. I am pleased that Accredited now accepts this.

Accredited remains of the view that Ms B failed to mitigate her loss. I continue to disagree. This was not a straightforward matter and although there was a suspicion of a leak in August 2022, the source of the leak was not detected until much later. It was inside a wall, which was tiled. I would not expect Ms B to remove walls or tiles to investigate independently and I think she acted entirely responsibly in relying on experts to track down the source of the moisture. She remained open to the possibility that the moisture was from damp, and so continued to investigate that. I think this was reasonable, and I do not agree that she failed to mitigate the damage in any way.

Consequently, I do not accept Accredited’s arguments, and I remain of the view set out in my provisional decision, that Accredited wrongly declined Ms B’s claim. I therefore adopt my provisional decision and reasons, as supplemented by this document, as my final decision.

### **Putting things right**

As described in my provisional decision, in order to put things right, Accredited should now accept Ms B’s claim and settle this in line with the remaining policy terms. Should Ms B be dissatisfied with the way the claim is settled, she is entitled to raise a further complaint in respect of that settlement process.

I also consider that Ms B experienced distress and inconvenience due to Accredited’s approach to her claim, and Accredited should compensate her for this.

### **My final decision**

For the reasons given above, and in my provisional decision, I uphold Ms B's complaint and direct Accredited Insurance (Europe) Limited to:

- Accept Ms B's claim and settle this in line with the remaining policy terms; and
- Pay to Ms B £350 compensation for her distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 27 March 2024.

Laura Garvin-Smith  
**Ombudsman**