

## **The complaint**

A limited company, which I'll refer to as "N" complains about how Arch Insurance (UK) Limited ("Arch") has dealt with a claim for property damage under a commercial property investors policy.

Mr M is a director of N, and has brought the complaint on its behalf. He has also been assisted by a third party in doing so.

## **What happened**

The details of the complaint are well known to both parties, so I don't intend to repeat them in full again here. Instead, I'll provide a summary of the main events I believe led to this complaint and then focus on my reasons for my decision.

- Water damage was noticed to the internals of property on 10 January 2023.
- A roof inspection, commissioned by N, took place on 24 February 2023. A report was provided that concluded a tile had been damaged by a fallen aerial. It further noted the existing tiles on the roof were very fragile and likely to break, the tiles were no longer available as new and membrane on the roof was also damaged and needed replacing.
- A claim was reported to Arch on or around 16 March 2023 for both internal and external damage.
- Further water ingress was noticed to another part of the property and a second roof inspection was commissioned by N that took place on 31 March 2023. This report added to the reasoning from the first report saying that on the previous visit it was noted that numerous roof tiles were broken and lifted. Sarking felt beneath the tiles has been damaged and flashings had been torn by high winds. It added that on this visit, similar damage had been found to another section of the roof. It concluded that storm water had penetrated the property and caused the internal damage.
- Arch instructed for a roof inspection to take place. Its report concluded that only the tile damaged by the fallen aerial and any attributable internal damage should be covered by the policy as accidental damage. It concluded, there was no storm conditions at the time of the first reported loss and no other insured peril operated relating to the rest of the damage claimed for.
- N submitted costs to Arch for a full replacement of the roof and for the internal damage to be rectified in full. Arch didn't think the full roof replacement was proportionate to the damage covered by the policy and as such it only agreed to pay a proportion of costs it thought related to the insured damage.
- N is unhappy about the amount Arch has offered to repair the damage, and it has said that when it noticed the damage, it had to take action to mitigate any further happening. It thought Arch should pay the costs it incurred to do this.

- N also provided several reasons as to why it believes the damage should be covered in full by the policy. It has said there was a snowstorm two months prior to the loss date, the weight of snow could have damaged the tiles and the resulting thaw overwhelmed the gutters causing water ingress. It has said during that time there was also high winds and inclement weather which could have caused the damage which should be considered storm conditions and therefore also be covered by the policy. Overall, it said that whether the damage was caused by storm, an escape of water or by accidental damage, the policy should respond and cover the cost of repairing the damage.
- N further mentioned that the property was purchased in June 2022 and said it be in a good condition on the pre loss survey with no mention of any maintenance work being required.
- Arch having considered N's points maintained its position that it would only cover the damage caused and attributed to the fallen aerial.

An investigator here considered the complaint and let N know that they didn't think Arch had acted incorrectly. She said no storm conditions were reported around the time of the loss and that she wasn't persuaded by N's assertion regarding the damage potentially being caused by a snowstorm. She also said she was satisfied the amount Arch had offered to repair the damage was fair and reasonable.

N disagreed and asked for the matter to be reviewed by an ombudsman.

### **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 agree with the conclusions reached by the investigator for the following reasons:

- Arch has accepted the damage caused by the fallen Aerial is covered by the policy, so I think it has acted reasonably by offering to cover the cost of the associated repairs.
- The policy N has is considered to be an All-Risks' policy which means it will cover any of the insured property if it is damaged, lost or destroyed. This doesn't however mean that it will cover any damage, regardless of the cause. The policy also includes exclusions, and one of those is it won't cover damage caused by or consisting of, among other things, gradual deterioration, wear and tear and frost.
- Having checked the weather reports I'm satisfied that no storm conditions were present around the time of loss. While the policy doesn't define what storm conditions are, when looking at the Beaufort Scale, which is a measure of wind speed it says wind speeds of at least 55 mph are classed as a storm. While localised gusts were reported in the area, none are of that speed or above.
- I've also considered N's assertion that a snowstorm could have caused damage to the roof and resulting ingress. While this could have been the case, I would have expected the internal damage to have been noticed much sooner than two months after the storm. And, had the snowstorm been that severe it would be expected that lots of similar claims be reported in the surrounding area, but I'm persuaded from information I have seen that wasn't the case.

- I've considered the pre loss survey N has referred to. I note that this was a valuation survey commissioned by the seller of the property. It provides general information about the property, surrounding area and legal information relevant to potential purchasers. It does report the property is in good condition for its age, however it also confirms that it is not to be considered a condition report or structural survey. Having reviewed this I'm not persuaded that this report confirms the roof was in a good condition with no existing issues prior to purchase as N has suggested.
- In light of the above, I'm not persuaded that storm conditions caused the majority of the damage reported or that another cause, that would be covered by the policy, has been shown to be more likely. I'm more persuaded that the damage has occurred over time and is more attributable to wear and tear, both of which are excluded under the policy. It is possible that high winds served to highlight already existing damage, rather than being the cause of it.
- The internal damage was caused as a result of the wear and tear to the roof, - had the tiles not been cracked etc, water wouldn't have been able to enter. As such, I think the exclusion reasonably applies to that damage as well. Overall, I think Arch has reasonably declined to cover the other reported external and internal damage in line with the policy terms and conditions.
- N has said that Arch should pay the costs it incurred when taking action to mitigate any further damage as it wasn't in a position to benefit from any reduced rates Arch may have been able to access and have the work done at. I'm mindful that regardless of whether an insurance claim is being made or not, this would have been a reasonable action for an owner to take to prevent any further damage to their property. No claim was made to Arch until over two months had passed after the damage was first noted and therefore it had no opportunity to arrange for this to take place itself. As such, if required, I think Arch should only pay reasonable costs associated with this, and it would only need to do so at the rate it would have been charged had it arranged the work.
- Arch did recognise that there had been some delays in communication and offered N £100 compensation. I think this is reasonable and recognises the inconvenience N was caused having to chase for responses.

For the reasons above, I do not uphold this complaint.

### **My final decision**

My final decision is that I do not uphold N's complaint against Arch Insurance (UK) Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask N to accept or reject my decision before 3 January 2025.

Alison Gore  
**Ombudsman**