

The complaint

Mr D complains about Wakam for its decision to avoid his insurance policy back to the start and to decline his claim for flood damage. He wants Wakam to reinstate his policy and settle his claim.

What happened

Mr D insured his home with buildings insurance underwritten by Wakam. This was purchased online through an intermediary's website and app. For the purposes of this complaint, I will refer to all intermediaries and agents of Wakam as Wakam, who has ultimate responsibility for the policy.

Mr D renewed his policy in September 2023. At the time, he was asked to confirm a number of statements about his property and to answer whether statements were true or false.

One of these asked him to confirm that his property was not within 400 metres of water. Mr D answered that the statement was true.

The insurance renewed.

In October 2023, Mr D's home was affected by a flood following a storm. Water ran off the fields at the rear of his home and entered his home via air bricks. Water filled the floor cavity and caused extensive damage.

Mr D contacted Wakam and submitted a claim.

Wakam attended his property to assess the damage. In the course of that assessment the surveyor observed that the property was around 50 metres from a water course.

Wakam considered this and contacted Mr D, cancelling his policy back to the beginning of the policy and declining the claim. It said that it would not have offered cover if it had known about the proximity of the water course.

Wakam also relied upon Mr D having an undeclared CCJ in its initial policy cancellation decision.

This was later corrected and was not relied upon, but Wakam maintained its decision about cancelling the policy due to the proximity to water.

Mr D complained to us.

One of our investigators has looked into this matter and did not recommend that the complaint be upheld. They explained that they had reviewed the underwriting criteria and accepted that Wakam would not have offered cover if Mr D had accurately answered that his home was as close to water.

Mr D did not accept this view and asked for an ombudsman decision

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.

Firstly, I have great sympathy for Mr D. I have reviewed the footage of the flood and have reviewed the assessments of the damage and I appreciate that this flood and resulting damage have been very significant. I understand his strength of feeling that this ought to be covered in some way.

I also note his comments that the water came from the rear of the property, rather than from the direction of the brook.

I do, however, agree with my colleague and I do not uphold Mr D's complaint.

As my colleague has explained, insurers are entitled to set their own criteria of when they will and will not accept risks, and we cannot tell them to change their criteria.

In this case, Wakam asked a clear question about the property's proximity to water and this was answered inaccurately.

I have seen Wakam's underwriting criteria from the relevant time, and I am satisfied that it would have declined cover if Mr D had answered accurately. Wakam clearly wanted to know this information and it was relevant to the assessment. As my colleague explained, this makes the inaccurate answer a qualifying misrepresentation and entitles Wakam to avoid the policy back to the start.

Mr D has argued that he does not think it plausible that Wakam would have completely declined to offer cover and that instead it ought to have adjusted the premium or apply different terms to the policy. I do not agree. Wakam is entitled to set its own risk appetite and it set this as that it did not want to cover properties within 400 metres of water.

I have also borne in mind that the information was not inaccurate by a small margin, and the water course was around a tenth of the distance from the property than Wakam was prepared to accept.

I am satisfied that Wakam has decided this in line with its obligations under the relevant legislation and although I sympathise with the outcome for Mr D, I do not consider that Wakam has done anything wrong in this decision.

My final decision

I understand that this will be disappointing to Mr D, but for these reasons I do not uphold his complaint and I do not ask Wakam to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 14 March 2025.

Laura Garvin-Smith
Ombudsman