

## **The complaint**

Mr and Mrs M complain about the service they've received from Highway Insurance Company Limited (Highway) and that a claim they made has been declined.

## **What happened**

Mr and Mrs M were having works carried out to their bathroom and their contractor discovered extensive damage caused by rot when removing tiles and the shower tray. So, Mr and Mrs M contacted Highway, their home insurer, to make a claim.

When reporting the damage to Highway, Mr and Mrs M were told their claim wouldn't be covered due to an exclusion in the policy for rot damage. Mr and Mrs M were unhappy with this, and following several calls to Highway, a contractor was arranged to visit to inspect the damage.

Following the visit by Highway's contractor, the claim decline decision was maintained. This was because they concluded the damage had occurred gradually due to failed sealant and grout. Mr and Mrs M disagree with the contractor's conclusions and say a cracked shower tray caused the damage, but the contractor failed to take this into account.

Mr and Mrs M raised a complaint with Highway about the claim decision and the service received. The claim decision was maintained by Highway, but they offered £100 compensation.

As Mr and Mrs M remained unhappy, they approached the Financial Ombudsman Service.

One of our investigators looked into things but she didn't uphold the complaint. She thought Highway had reached a fair claim decision which was in line with the policy terms. And she thought the compensation offered by Highway was reasonable for the service Mr and Mrs M had received.

Mr and Mrs M didn't agree and asked for a final decision from 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, whilst I appreciate it'll come as a disappointment to Mr and Mrs M, I've reached the same outcome as our investigator.

### The claim decision

During bathroom works, Mr and Mrs M's contractor discovered extensive rot damage when they removed tiles and the shower tray. Mr and Mrs M argue that their insurance policy covers damage caused by an escape of water, so they say their claim should be covered.

I agree that Mr and Mrs M's insurance policy covers damage caused by an escape of water as an insured event. However, whilst the policy covers a number of insured events, such as fire, theft, and of relevance here - escape of water, the policy also has a number of conditions and exclusions.

When Highway's contractor inspected the damage, they concluded:

*“Met with (Mr P) who advised he was carrying out works to his bathroom and when his contractor removed wall tiles and shower tray he found the stud wall and joists to be rotted, contractor advised it may or may not have been a cracked tile which caused the damage. upon inspection of the bathroom i did find cracks to grout on walls where the stud wall has started to rot and as there is no pipework near any of the damaged areas and most of the tiles and tray have already been removed it is of my opinion that the damage has been caused by failed sealant and grout.”*

I've seen images taken at the time, and on balance, I'm persuaded they support the conclusions reached by Highway's contractor. There were no pipes within the area of damage and there is visible evidence of issues with the grout and sealant around the tiles, and I think this supports, on balance, that the damage in the corresponding area was likely caused over time due to this. There is also corresponding visible damage and rot to the bedroom wall and skirting, adjoining the bathroom, which in my view supports it being a long-standing issue as result of failed grout and sealant.

Whilst Mr and Mrs M say the grout issue was only caused by the tiles below being removed which then caused movement, I think the extensive rot damage to the associated wall and floor indicates this has been ongoing for a considerable period of time due to a long-standing issue with the sealant and grout.

Mr and Mrs M argue that the damage was caused by a cracked shower tray instead, and that Highway's contractor failed to consider this. However, Mr and Mrs M haven't provided any firm evidence in support of this, such as a report from their contractor. And I'm persuaded, on balance, by the conclusions reached by Highway's contractor. I also note the damage isn't just to the floor but extends up the wall above the level where the shower tray would've been.

As I outlined, whilst escape of water is an insured event, the policy also has conditions and exclusions. Of relevance here:

*“This policy covers the costs of unexpected loss or damage. It does not cover:*

- *Wear and tear*
- *Maintenance costs such as refixing loose roof tiles, repointing brickwork or replacing guttering*
- *Damage that happens over a period of time for example damp, rot and damage from vermin.”*

And under the general exclusions:

*“What is not covered:*

*Direct loss or damage:*

*viii) Caused by rot, exposure to light or atmospheric or climatic conditions.”*

And excluded specifically under the escape of water section of the policy:

*“Loss or damage caused by the failure or lack of grout and/or sealant in your home.”*

As I'm persuaded by the conclusions reached by Highway's contractor, I don't think Highway has acted unfairly by declining the claim based on the policy cover and exclusions. However, if Mr and Mrs M can provide any further evidence that an insured event has occurred, they should submit this to Highway in the first instance. But based on the information and evidence I've seen, I don't think Highway reached an unfair claim decision.

#### The service provided

Mr and Mrs M complain that the claim was declined during the first call when they reported the damage and before anyone had attended. However, I don't think this was unreasonable based on the damage reported being rot damage, which is excluded under the policy terms. But as Mr and Mrs M were unhappy with this, it was later agreed for a contractor to attend, and as outlined above, I don't think an unfair decision was reached on the claim overall.

It's evident from the calls Mr and Mrs M made to Highway that they were unhappy with the claim decision, that they weren't passed through to managers when they asked to be, and that they didn't get call backs either, or responses to emails they sent. Mr and Mrs M were also unhappy they were sent a template letter in error, rather than the final response.

Highway has already recognised there were some areas where their handling of things fell short, and they've offered £100 compensation. I do note in the correspondence where this was outlined to Mr and Mrs M that it said *issued a further £100 compensation*, however, Highway has confirmed that only £100 has been offered in total. And having taken everything into account, I think that's fair and reasonable in the circumstances, so I'm not going to direct Highway to increase this.

Mr and Mrs M have also raised concerns about the level of redaction in the information they asked for from Highway. However, we aren't the regulator of data protection. If Mr and Mrs M are concerned that Highway haven't met the obligations required of them under the relevant data protection rules and regulations, they'd need to raise this with the Information Commissioner's Office.

### **My final decision**

Highway Insurance Company Limited has already made an offer to pay £100 compensation to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is that Highway Insurance Company Limited should pay the £100 compensation already offered, if they haven't already done so.

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

Callum Milne  
**Ombudsman**