

The complaint

Mr and Mrs H have complained that AXA Insurance UK Plc declined a claim they made under their home insurance policy.

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.

Our investigator didn't think AXA had acted fairly. I agree, and for the same reasons, so I don't think there's a benefit for me to go over everything again in detail. Instead, I'll summarise the main points:

- The bathroom sink came away from the wall at night and the next morning Mrs H found this had caused water to leak from a pipe and cause damage.
- The policy covers damage caused by escape of water from, amongst other things, fixed indoor pipes. The sink, wall, and pipe weren't damaged in this way and Mrs H didn't claim for them anyway. But there seems to be no doubt the resulting water damage was caused in this manner – and that's what Mrs H claimed for.
- The policy doesn't cover damage caused "*gradually by wear and tear*". AXA relied on this policy term to decline the claim for the water damage. AXA said the failure of the screws was indicative of wear and tear rather than an immediate event.
- Our investigator agreed the screws came loose gradually – so any damage to the sink was caused gradually and not covered by the policy. But there was no evidence to suggest the pipe leak was caused gradually. On the contrary, the evidence showed it was caused by the sudden failure of the sink – so the leak and subsequent water damage weren't caused gradually. As a result, she asked AXA to accept the escape of water claim and pay £100 compensation.
- AXA said the failure of the screws was the proximate cause of the water damage. And since the failure of the screws was gradual, the water leak wasn't a one off event covered by the policy. It then brought up a new policy term for "*damage caused by neglect, lack of maintenance, poor design or poor-quality installation*".
- All parties agree the failure of the screws was a gradual process due to wear and tear. And there seems to be no dispute this led the sink to fall and then for the water pipe to leak. The key question for me is whether that means the resulting water damage is covered by the policy.
- The first policy term raised is for damage caused gradually. There's no evidence to suggest there was any damage to the pipe until the sink moved and suddenly caused the pipe leak. So the water damage was literally caused suddenly. AXA is effectively treating the policy term as if it says something like damage *arising or resulting from* a

gradual process isn't covered – but that isn't what it says. So I'm not satisfied this policy term applies here.

- It's disappointing to see AXA raise a new argument for declining the claim at such a late stage. It should be fully considering its position when handling a claim and, at the latest, when responding to a complaint. Nonetheless, I'm obliged to consider this point now that it's been made.
- I understand the argument is essentially that AXA considers a lack of maintenance of the screws is the proximate cause of the water damage. Like the first point, I think AXA is interpreting the term in a much broader way than it's written. The policy doesn't cover damage caused by a lack of maintenance. But the water damage itself wasn't caused in that way – there's no evidence to suggest the leak was caused due to a lack of maintenance to the pipe. I recognise it could be said there was a chain of events beginning with the screw failure and ending with the water damage. But I'm not satisfied the way the policy is written means the two events are linked closely enough for this policy term to apply here either.
- To put things right, AXA should now accept the escape of water claim. And I think £100 compensation is fair and reasonable for the distress and inconvenience caused by unfairly declining the claim and delaying its settlement.

My final decision

I uphold this complaint.

I require AXA Insurance UK Plc to:

- Accept the escape of water claim, subject to the remaining terms and conditions of the policy.
- Pay £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr H to accept or reject my decision before 26 September 2024.

James Neville
Ombudsman