

The complaint

Mr and Mrs W complain about the way U K Insurance Limited trading as Direct Line (“UKI”) handled a claim they made on their home insurance policy.

What happened

In December 2023 Mr and Mrs W contacted their home emergency provider as they had water damage to the property. Their home emergency provider told them that trace and access cover would be needed to source the cause of the leak and so they contacted UKI as their home insurer.

After some investigations, including removing part of the ceiling from the room (which involved carrying out an asbestos test) below the bathroom, it was found the damage hadn’t been caused by a leaking pipe; it was due to an issue with the sealant around the shower.

So UKI declined the claim as it said the policy didn’t cover damage as a result of faulty sealant. It also said as the claim wasn’t covered, it wouldn’t put right the damage caused in sourcing the leak (the trace and access works), such as fixing the ceiling where it had made a hole.

Mr and Mrs W complained to UKI. Whilst they accepted the claim itself wouldn’t be covered, they said the damage caused in finding the source of the leak, should be. They wanted UKI to put right the cost of repairing the damage made in sourcing the problem. UKI responded to Mr and Mrs W’s complaint but didn’t think it had done anything wrong, so it didn’t offer any settlement.

Unsatisfied with UKI’s response, Mr and Mrs W brought their complaint to the Financial Ombudsman Service for an independent review. Our Investigator said the terms of Mr and Mrs W’s policy don’t cover trace and access repairs if it turns out the damage reported hasn’t been caused by an insured event. But she didn’t think UKI had made this clear to Mr and Mrs W before it made the hole in their ceiling. She thought it should have been clear about this; she recommended UKI pay £300 compensation to reflect the unnecessary amount of distress and a loss of expectation caused when Mr and Mrs W realised they’d have to repair the ceiling themselves.

Mr and Mrs W accepted the outcome, UKI didn’t. It said the terms of the policy are clear that any trace and access damage wouldn’t be rectified unless there was an insured event. It accepted there would be some inconvenience caused but it thought that was more as a result of the damage, rather than its actions.

As UKI didn’t agree, the matter was passed to me to decide.

I’ve already set out to UKI and Mr and Mrs W that I intend to reach a slightly different outcome to that of our Investigator; I issued some provisional findings informally.

I agreed with our Investigator that the claim was declined fairly and so the repairs needed to rectify the trace and access damage had also been fairly declined in line with the policy terms. However, I still thought UKI should pay £300 compensation for the unnecessary distress and inconvenience caused during the claim.

I agreed UKI hadn’t been clear with Mr and Mrs W that trace and access costs would only be covered if the damage was found to be caused by an insured event. I also thought UKI had

caused unnecessary delays in the claim. I said it seemed to me from UKI's file that it had the asbestos tests confirmed as negative, but no further action was taken until Mrs W chased UKI for an update. So I said I was minded to decide £300 was fair in the circumstances.

I also noted that Mr and Mrs W had complained about the excess they'd been charged, which they'd said was £450. I said from reading the policy schedule on the file, I thought the correct excess for a trace and access claim would be £250. So I thought UKI had overcharged Mr and Mrs W for the excess.

UKI responded accepting the outcome of those provisional findings; it said it would pay the £300 compensation and reimburse the £200 extra it had charged for the excess. I thought this was a fair way to resolve matters.

Mr and Mrs W didn't provide a response to my provisional findings, so I'm issuing a final decision to conclude matters.

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.

As UKI accepted the provisional findings I set out and Mr and Mrs W didn't provide any further points for me to take into account, I see no reason to depart from the findings I've already set out to both parties. And so those findings set out above are now those of this, my final decision.

Putting things right

In order to resolve the complaint UK Insurance Company Limited trading as Direct Line will need to:

- Refund Mr and Mrs W £200 for the amount it overcharged them for the trace and access access.
- It will need to add 8% interest onto that amount from the date they paid the excess, until the date of settlement
- Pay Mr and Mrs W £300 compensation.

My final decision

My final decision is that I uphold this complaint. I direct UK Insurance Limited trading as Direct Line to settle it in line with the "putting matters right" section.

UK Insurance Limited trading as Direct Line must pay the compensation within 28 days of the date on which we tell it Mr and Mrs W accept my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

If UK Insurance Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr and Mrs W how much it's taken off. It should also give Mr and Mrs W a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

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

Michelle Henderson
Ombudsman