

The complaint

Mr R and Mrs R have complained that Covea Insurance plc (Covea) unfairly declined part of a claim under a home insurance policy.

What happened

Mr R and Mrs R contacted Covea to make a claim for an escape of water. Covea accepted the claim for damage to their property. However, it declined to cover damage to the water tank, including under the accidental damage part of the policy.

When Mr R and Mrs R complained to Covea, it maintained its decision to decline the claim for the water tank. It said that under the escape of water part of the policy, it didn't cover the cost of the item that caused the damage. In terms of accidental damage, it said that if a pipe burst and there was water damage to a property, the insured peril remained an escape of water.

Mr R and Mrs R brought their complaint to this Service. Our Investigator upheld the complaint. She said it was reasonable that the water tank damage wasn't covered under the escape of water part of the policy. However, she said it wasn't fair for Covea to rely on an exclusion that the damage had happened gradually. She said the evidence didn't show it had happened gradually. She said Covea should pay the cost of replacing the tank and pay interest on that amount. She said it should also pay £250 compensation because of its incorrect claim decision.

As Covea didn't agree there was evidence to show it was a one-off event, the complaint was referred to me.

I issued my provisional decision on 7 October 2024. In my provisional decision, I explained the reasons why I wasn't planning to uphold the complaint. I said:

Covea has accepted the claim for most of the damage to Mr R and Mrs R's home under the escape of water part of the policy. The issue is whether it should also cover the damage to the water tank. Mr R and Mrs R have said they think it should be covered under the accidental damage part of the policy.

When a policyholder makes a claim, initially, the onus is on them to show, on balance, the damage was caused by an insured event. It is only if the insurer accepts the claim and applies an exclusion that the onus switches to the insurer to show, on balance, it was fair to apply the exclusion.

When Covea looked at the claim overall, it accepted the claim for damage caused by an escape of water. But this didn't cover the water tank. I think that was fair. From what I've seen, the water tank and a pipe connected to it failed. This led to the water leaking and the property damage.

So, the issue is then whether the tank should be covered under the accidental damage part of the policy. The policy said accidental damage was:

“Sudden, unexpected damage where the cause can be determined. Accidental damage doesn’t include damage caused by wear and tear or anything else that happens over time.”

I don’t think the definition is unusual. The main evidence of the cause of damage to the water tank was Mr R and Mrs R’s plumber report. This said:

“[W]e identified the source of the water leak and damage to the landing ceiling to be the cold water feed into the bottom of the plastic water tank located in the roof space. We are of the opinion that very high temperatures generated by heating the hot water using solar panels led to the failure of the connection/s between the incoming cold water feed and the plastic tank and damage to the tank itself.”

Based on what I’ve seen, Covea didn’t accept that the tank damage was the result of accidental damage. This was because it didn’t think the damage was caused by a one-off, or sudden, incident. It understood the report to be describing an ongoing issue with the solar panels generating hot water that caused a failure of the connections. But, from what I’ve seen, that wasn’t it applying an exclusion. It was explaining why it didn’t think it met the definition of accidental damage, which was because it wasn’t “sudden”.

Looking at the report, I think it was reasonable for Covea to decide it wasn’t evidence of a sudden event. I think it was fair for Covea to decide what was described was an ongoing issue when the hot water was heated that affected the water tank and pipework attached to it. So, looking at everything that happened, I think it was fair for Covea to decline the claim for accidental damage to the water tank. That remains my view even if Mr R and Mrs R weren’t aware of the damage happening.

As a result, I don’t currently intend to uphold this complaint or to require Covea to do anything further in relation to it.

I asked both parties to send me any more information or evidence they wanted me to look at by 21 October 2024. Both parties replied.

Covea said it had nothing further to add. Mr R and Mrs R replied and, in summary, said:

- I had directly contracted their statement that the tank damage and resultant escape of water did occur suddenly and was not a gradual cause.
- The water tank was in the roof space above the head of the staircase and any staining would have been immediately noticed given its position.
- Once a leak occurs in the cold-water feed, it will continue until it is fixed, instantly causing damage and demonstrating the leak to be a one-off single event. Fortunately, they were at home when the leak happened and took measures to minimise the damage.
- I had referred to the plumber’s report. The report didn’t refer to timescales and nor could it give any. The event had already happened before the plumber attended. They couldn’t understand how I had formed the view that the water leak was an ongoing issue. Covea had continuously failed to understand the cause of the water leak, citing exclusions that weren’t relevant to the claim. There are no ongoing issues with the solar panels at the property.
- The tank damage and the water leak was a sudden event and did not take place gradually. So, it should be dealt with under the Accidental Damage part of the 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.

Having done so, I don't uphold this complaint and for the reasons given in my provisional decision. As part of that, I've considered Mr R and Mrs R's comments, but this doesn't change my view.

It isn't in dispute that the water leak itself was a one-off event covered by the policy. Covea accepted that part of the claim. To confirm, I didn't say, and it isn't my view, that the water leak itself was an ongoing event. My decision is only about the water tank and whether the damage to it was a one-off sudden event covered by the accidental damage part of the policy.

It was for Mr R and Mrs R to show that the damage to the tank was more likely the result of a one-off event. Mr R and Mrs R have said the plumber's report doesn't give a timescale for when the damage to the tank happened. So, it doesn't appear to be in dispute that the report doesn't say the damage to the tank was a one-off event. The report also says:

"We are of the opinion that very high temperatures generated by heating the hot water using solar panels led to the failure of the connection/s between the incoming cold water feed and the plastic tank and damage to the tank itself."

Covea understood this to be describing an ongoing issue. The solar panels would have been heating the hot water on a regular basis and this led to the damage to the tank. So, that wasn't a one-off, sudden event.

In my provisional decision, I also wasn't suggesting there was an ongoing issue with the solar panels. Mr R and Mrs R's plumber described an issue with the high temperatures generated by heating the hot water. When Mr R and Mrs R complained to this Service, they also said:

"Upon inspection of the tank by myself and a qualified heating engineer, the escape of water originated at the connection between the cold water feed and tank through failure of the pipe connection caused by extreme temperatures generated by the solar 'iboost'... in addition to the plastic tank itself, as the regulating thermostat was defective.

...

I was assertive in my opinion that the damage to the tank/ pipework was 'Accidental damage' occurring unintentionally by a sudden and non-deliberate event that was out of sight and unknown to myself (being located in the roof space)."

So, what was described was damage to the tank that was out of sight and unknown to Mr R and Mrs R and was caused by a defective regulating thermostat. They became aware there was an issue with the thermostat, tank and pipework when the water leak happened. The escape of water, which was a one-off event, caused Mr R and the plumber to investigate and find a defect. The claim for the water leak was accepted, but the damage to the tank wasn't. Mr R and Mrs R being unaware there was a defect, which they have said was with the regulating thermostat that then damaged the tank and pipework, didn't show the damage to the tank was a one-off event.

I remain of the view it was reasonable for Covea to decline the claim for accidental damage to the water tank on the basis that it wasn't caused by a one-off or sudden event.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that this complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R and Mrs R to accept or reject my decision before 18 November 2024.

Louise O'Sullivan
Ombudsman