

The complaint

Mrs L complains Accredited Insurance (Europe) Ltd ["Accredited"] has unfairly declined a claim she's made on her buildings insurance policy following a water leak under her property. She's also unhappy with the service Accredited provided.

What happened

Mrs L is represented by a third party in bringing this complaint. References I make to Mrs L's actions include those of her representative.

Accredited is the underwriter of this policy, i.e. it's the insurer. Part of this complaint concerns the actions of its agents for which Accredited has accepted responsibility. Any reference to Accredited includes the actions of its agents.

The background to this complaint is well known to the parties and has been previously detailed by our Investigator so I have included a summary here:

- Mrs L was contacted by her local water authority as it had detected a leak within her property boundaries.
- Mrs L made a claim on her policy but she says Accredited initially said her policy didn't include trace and access cover so she had to appoint her own engineer to locate and stop the leak. But she says it reassured her the repair of the resultant damage would be covered by the policy. Mrs L said Accredited then corrected this and said the policy had a limit of £5,000 for trace and access.
- Mrs L obtained a quote for £34,000 plus VAT to repair the damage caused by the trace and access interventions. Accredited estimated the damage at around £12,000 and offered a cash settlement to cover this amount. Mrs L declined the offer and subsequently Accredited revised the offer down to £5,000, in line with the policy limit.
- Unhappy with this, Mrs L complained. Accredited explained that for a trace and access claim to be covered, the policy required there to be resultant damage to the property as a direct result of the leak, and Mrs L had already told it the property wasn't damaged by the leak. So there was no cover under the policy. But Accredited offered Mrs L £500 in recognition of the incorrect information it had provided and sent her a cheque for this amount.
- Mrs L raised a complaint with this Service. Our Investigator concluded as there was no damage to the property, there was no cover for trace and access. She didn't think Accredited had told Mrs L trace and access would be covered up to the buildings policy limit, regardless of the damage to the property. She concluded Accredited had fairly declined the claim but had provided incorrect information and had therefore mismanaged Mrs L's expectations. She thought the £500 offered by Accredited in recognition of this failing was fair and reasonable.
- Mrs L provided more information including pictures of the damage caused by the

trace and access work, but this didn't change the Investigator's mind.

- Mrs L asked an Ombudsman to reach a 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.

Did Accredited fairly decline the claim for trace and access?

- It's common for insurance policies not to cover every risk a property might experience so the starting point for my decision is what the policy terms say. These set out what the parties can expect from the cover.
- Mrs L's policy provides cover for trace and access for an escape of water in certain circumstances:

"Finding the problem:

If the buildings are damaged we will pay the reasonable and necessary costs in locating the source of the damage up to £5,000 in addition to the policy excess, including making good any damage caused during the search".

- Having considered this term carefully, I'm satisfied the policy only engages if there's damage to the property caused by the escape of water. If there's no damage to the property, there's no cover for trace and access.
- In her testimony, Mrs L said there was no damage to the property caused by the leak, only by the trace and access works. While the drying report provided by Mrs L does say there's some moisture in the walls, it indicates this is in line with a property of that age and construction. There's no evidence to suggest the leak has caused any damage to the property.
- And because there was no damage to the property caused by the escape of water, there's no cover under the policy terms.
- It follows, I'm satisfied Accredited declined the claim fairly and I won't be asking it to do any more.

Did Accredited provide incorrect information to Mrs L?

- Mrs L says she was told the policy offered £1 million of cover to address the damage, but having listened carefully to the available calls, I didn't hear Accredited say this – in fact I believe it was quite clear this figure related to other cover, not trace and access.
- Accredited accepts it provided Mrs L with other incorrect information about the claim. I agree with this.
- Initially, it advised there was £5,000 cover for trace and access but following the assessment of the damage, it made a cash settlement offer of around £12,000, self-evidently much higher than the previously advised cover level.
- It then went on to correct this and said the limit was £5,000 before finally explaining

there was no cover at all. I can understand why this incorrect information would have mismanaged Mrs L's expectations about coverage of the claim and caused Mrs L distress and inconvenience.

- I do have to balance this with the reality that Mrs L would always have had to undertake the trace and access work – with the resulting damage that work entailed - and repair of the leak in the pipework under her house, for which the local authority had confirmed she was responsible. So even if Accredited had provided her with the correct information from the start, I think on balance, she would still have had to proceed with broadly similar actions to locate and stop the leak.
- Having thought about this all very carefully, I have concluded the £500 paid by Accredited is a reasonable way for it to recognise its shortcomings. I acknowledged Mrs L is likely to be disappointed with this decision as she believes more is warranted but I'm satisfied it's fair and reasonable in all the circumstances. I won't be asking Accredited to pay any more.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 28 March 2025.

Paul Phillips
Ombudsman