

## **The complaint**

Mr D & Mrs M complain that U K Insurance Limited trading as Direct Line (“UKI”) handled a claim for damage from an escape of water under their home insurance policy. When I say UKI I also mean its contractors and assessors.

## **What happened**

Mr D & Mrs M had a home insurance policy with UKI covering their home.

In early December 2023 they were overseas when a family member of theirs checked their house and discovered there’d been a substantial leak causing damage.

Water had escaped from a pipe in their loft, bringing down the ceiling in two rooms and there was water on the floor to a substantial depth.

They contacted UKI and made a claim.

UKI investigated the claim and a plumber was sent to fix the pipe. The plumber reported that the pipe had split due to frost damage, which caused a leak.

Under the terms of their policy, there’s no cover for escape of water claims when the house has been unoccupied for more than 60 days. The claim was reported on day 61, but Mr D & Mrs M think it started some days beforehand.

UKI interviewed Mr D & Mrs M. They told UKI that they would take holidays of up to 90 days once or twice a year.

UKI rejected their claim. It paid some costs that’d been incurred, and agreed to pay the first four weeks of alternative accommodation for Mr D & Mrs M. But it said it didn’t think its initial handling of the claim had been very good. It said it would pay them £500 compensation.

Mr D & Mrs M remained unhappy and brought their complaint to this service. They complaint about UKI’s decision to not pay their claim, as well as its slow and poor service. They say this has caused them distress and inconvenience. They estimate the cost of repairs at £30,000 plus other costs.

Our investigator looked into their complaint and thought it wouldn’t be upheld. She said she thought UKI’s rejection of their claim and its compensation payment were fair.

Mr D & Mrs M didn’t accept the view. Because they didn’t agree, their complaint has been passed to me to make a final 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.

I can see from the file that Mr D & Mrs M have complained about UKI not paying for their

alternative accommodation as it said it would. From the information I have, I can't see that they've complained to UKI about this point, or that UKI has provided them with its final response, although I can see in later comment that the balance seems to have now been paid.

This complaint can only consider matters to the date of the final response. So if Mr D & Mrs M remain unhappy about this, they can make a further complaint to UKI.

Having read the file, I can understand why Mr D & Mrs M being told about the discovery of the leak must have been very shocking, especially as they were away from home at the time. I'm sure the experience must have been very distressing for them.

Unfortunately for them, I'm not upholding their complaint. I'll explain why as I appreciate this will be a disappointment.

It's my understanding that Mr D & Mrs M have accepted that their claim wasn't valid. In their response to the view, they comment on the speed of UKI's response and say they think that its slow handling of their claim caused further damage.

However, I'll confirm why their claim wasn't valid before I move on to UKI's service to them.

### ***The claim decision***

The starting point here is The Consumer Insurance (Disclosure and Representations) Act 2012 ("CIDRA"). CIDRA requires consumers to take reasonable care not to make a misrepresentation when taking out a policy. The standard of care is that of a reasonable consumer.

And if a consumer fails to do this, the insurer has certain remedies provided the misrepresentation is – what CIDRA describes as – a qualifying misrepresentation. For it to be a qualifying misrepresentation the insurer has to show it would have offered the policy on different terms, or not at all, if the consumer hadn't made the misrepresentation.

UKI has shown this service evidence that shows it wouldn't have accepted Mr D & Mrs M on cover if it'd known that they took two overseas trips per year, of about 90 days in duration. What this means is Mr D & Mrs M made a qualifying misrepresentation.

CIDRA also sets out a number of considerations for deciding whether the consumer failed to take reasonable care. And the remedy available to the insurer under CIDRA depends on whether the qualifying misrepresentation was deliberate or reckless, or careless.

CIDRA also sets out what UKI can do if Mr D & Mrs M didn't take reasonable care.

I've looked at the process they went through when they renewed cover with UKI and I think the statements made are clear. There is a key question saying *"Is the home left unoccupied for more than 60 days in a row?"*. This is answered *"No"*.

There's an exclusion in the policy wording, saying:

*"We don't cover:*

- loss or damage when it has been more than 60 days since you last slept at your home on a regular basis (which doesn't include occasional visits or stays)."*

I'm satisfied Mr D & Mrs M were in breach of this, and the exclusion applies.

It follows that I don't think they took reasonable care when they renewed their policy.

UKI has also said it thinks they acted recklessly, rather than carelessly. I can see from the file that there'd been a conversation between them and UKI about long holidays, albeit several years before. I do think, therefore, Mr D & Mrs M were aware of the impact of their long trips abroad on their policy, and I reasonably think they acted recklessly in not telling UKI about their planned multiple extended trips.

I'll also mention there were other reasons why UKI felt it could decline the claim, which I've also reviewed but not necessarily mentioned in this decision. This is because the decision under CIDRA is paramount as it deals with the validity of the policy itself.

It follows I think UKI acted fairly and in line with its policy terms, and CIDRA, when it refused to pay their claim and cancelled their policy.

### ***Claims Service***

Mr D & Mrs M remain particularly unhappy about the way UKI dealt with their claim, which was made in early December and declined in early March, almost exactly three months later.

They feel UKI's slow responses caused some further damage to their home as – basically – there'd been little or no progress in clearing out the house and drying it.

They say they'd been told UKI would act without prejudice while their claim was investigated.

I can see from the file that there was a delay of about six weeks before UKI's supplier could assess the strip-out and drying works, which was about five weeks after the appointed loss adjuster had visited.

The key delay was that UKI was unable to start this work before the claim was declined in early March, due to it not being able to agree the details with its contractors. I don't think this was good service of UKI. It'd told Mr D & Mrs M it would deal with this part of their claim while it investigated, but in the end it didn't do so.

It's Mr D & Mrs M's belief that these delays caused further damage to their home as furniture and fittings showed signs of mould.

But, critically, it seems to me that the leak had been significant. There's a mention in the file of the water being above a foot deep in the house. And Mr D & Mrs M have said in their approach to both UKI and this service that they thought the actual leak happened some time before it was discovered.

What this means is that it's likely the water would have already been soaking into many parts of their home during a very cold part of the year and, as seems likely from the file, without the heating in the house being on. Although I know Mr D will disagree with that point.

So I think it's fair I say that it's likely much of the damage was already done by the point the water was discovered, but I do appreciate Mr D & Mrs M's point of view on this and I sympathise with them.

UKI has said it didn't act quickly enough in progressing their claim, and I agree with this. But as I mention above, I don't reasonably think the delays caused additional damage to the home.

The delays did, however, cause significant distress to them. I can see that calls weren't

made when they'd been promised and it seems that UKI's contractors weren't being guided or pushed forward by UKI when they needed to be.

I've thought about their distress and have considered this service's guidelines. I think the amount paid by UKI is in line with those and I think it's action in paying them £500 is fair.

It follows that I'm not upholding this complaint.

### **My final decision**

It's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Mrs M to accept or reject my decision before 23 December 2024.

Richard Sowden  
**Ombudsman**