

The complaint

Mr and Mrs A are unhappy with how Chaucer Insurance Company Designated Activity Company handled a claim they've made on their buildings insurance policy

What happened

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

Mrs A has brought this complaint on behalf of herself and her husband so I'll refer to her mainly throughout. References to her actions include those of Mr A.

The background to this complaint is well known to the parties so I've included a summary here.

- Mrs A has a buildings insurance policy which is underwritten by Chaucer.
- Mrs A experienced a problem with her driveway. Following this, Mrs A says there was a strong drainage smell in her kitchen and reported this to Chaucer to make a claim on her policy. One of Chaucer's contractors investigated these matters and initially said there was damaged pipework but it was in the pipes the Local Water Authority ("LWA") was responsible for, not Mrs A. But the LWA disagreed and said Mrs A was responsible for it.
- Chaucer sent a second contractor which investigated and this time Mrs A says it confirmed she was responsible for the damaged pipework and it would advise Chaucer but little happened following this. So, Mrs A went on to get her own report which she says confirmed she was responsible for the damaged pipes but there was no collapsed drain.
- Chaucer maintained its position on the claim decline. Mrs A was unhappy with this and with Chaucer's claims handling and delays so she made a complaint. She also complained about some other issues but these are dealt with under another complaint.
- Chaucer issued a final response to the complaint in August 2023. It said the report from its agent showed the problem was outside the property boundary and therefore not an insured event the policy would cover. But it did acknowledge delays in its claims handling and offered £100 compensation to reflect this.
- Mrs M raised a complaint with this Service. Based on the evidence available at the time our Investigator concluded Chaucer had declined the claim fairly but she told it to pay Mrs A £150 for delays and to take action to investigate the foul smell in line with the policy terms.
- Chaucer subsequently provided a copy of the second report from its contractor and

this showed the damage was in fact in the drains Mrs A was responsible for. Our Investigator revised her findings and said this report's conclusions were consistent with what the LWA had told Mrs A about the damage being her responsibility. She upheld the complaint, told Chaucer it should cover the cost of the repairs to the drains, cover the cost of Mrs A's expert report and pay £400 for the impact of its poor claims handling. And she maintained her stance on the unresolved issue of the kitchen odour.

- Mrs A accepted the findings; Chaucer didn't respond. So, the complaint has come to me for 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.

The relevant industry rules and guidance say insurers must deal with claims promptly and fairly; provide reasonable guidance to help a policyholder make a claim and appropriate information on its progress; and not unreasonably reject a claim. They should also settle claims promptly once settlement terms are agreed. I'll be keeping this in mind while considering this complaint together with what I consider to be fair and reasonable.

Underground pipe damage claim

My starting point for this part of the claim is what the policy terms say. Included in the section related to damage to underground pipes, relevant to this complaint, is the following term:

"We will pay up to the amount as shown on Your Schedule for:

The cost of repair following Accidental Damage to cables, underground pipes...servicing the Home for which You are legally responsible".

So, for the claim to be covered, the damage would need to be present in pipes for which Mrs A has legal responsibility.

In February 2023, Chaucer's contractor identified defects in three pipe runs and initially said these were all in pipework which the LWA was responsible for and it was on this basis the claim was declined.

The contractor undertook further site investigations in August 2023 and revised its conclusions, saying the damage was actually in the pipework which Mrs A was responsible for. This revised conclusion was consistent with what the LWA had told Mrs A on multiple occasions following its two site visits. The contractor made recommendations to Chaucer about the repairs required to address the defects. But Chaucer's position seemingly remained unchanged.

Having thought about this carefully, I'm more persuaded by Chaucer's contractor's second report and the LWA's conclusions which both support that the damage is in pipework which Mrs A is responsible for. Given that conclusion, I'm not satisfied Chaucer's basis for declining the claim was fair and so I will be directing Chaucer to cover the cost of the repairs to Mrs A's underground drainage system.

Delays

Chaucer accepted it had caused delays in the progress of the claim and offered Mrs A £100

in recognition of this. But I don't think that's enough to fairly reflect the impact of its poor claims handling and delays. I'll explain why.

Despite the contractor's revised conclusions being issued in August 2023, it seems Chaucer's position remained the same and the report wasn't shared with Mrs A at that time. If Chaucer had acted more quickly and reconsidered its position in light of its own contractor's conclusions, things would have been progressed more quickly. It's clear from the evidence I've seen, Mrs A was very worried the damage was getting worse and so Chaucer's delays and poor claim's handling caused her unnecessary distress and inconvenience. I will be directing Chaucer to pay Mrs A £400 to reflect the impact of this.

Because of Chaucer's delays, Mrs A commissioned her own report into the damage and I think if Chaucer had handled things better, she wouldn't have felt she had to do this. So, I will be directing Chaucer to reimburse Mrs A the cost of this report together with interest at 8% per annum simple.

The foul smell

Our Investigator said Chaucer should investigate and action the foul smell in Mrs A's property. But Chaucer said it thought the smell might be as a result of a separate escape of water claim Mrs A had made.

Our Investigator pointed out the foul smell started before the separate escape of water claim so she didn't think the issues were linked. And Mrs A explained the escape of water had occurred from burst pipes in the loft – and had all been resolved under a home emergency claim – and the foul smell was in the kitchen so the two didn't appear to be linked as they were in completely different areas of the property. From the evidence I've seen, I'm not persuaded by Chaucer's argument the smell issue relates to the previous claim or any concerns it might have about works carried out related to that claim.

From Mrs A's testimony, she says the foul smell is present in her kitchen and she says it occurred following the problems with the drains.

Given what I've said above, in the absence of persuasive evidence from Chaucer and in light of Mrs A's consistent testimony, it seems to me the foul smell is more likely than not related to the problems with the drains at the property both in terms of the nature of the smell and the timing of the issues occurring. So, I will be directing Chaucer to investigate to establish the cause of the smell as part of its obligation to undertake an effective and lasting repair to the damaged drains.

If Chaucer concludes the smell is in fact not a related issue to the drains, it should explain the reasons for this to Mrs A and provide her with evidence in support of its position. But at this time, I'm simply not satisfied Chaucer has shown this issue is most likely not connected. Mrs A may, of course, then decide to pursue a further complaint if she's unhappy with Chaucer's response to this issue.

My final decision

My final decision is that I uphold this complaint and direct Chaucer Insurance Company Designated Activity Company to:

- Cover the cost of the identified damage to Mr and Mrs A's drains.
- Reimburse Mr and Mrs A with the cost of the drainage report she commissioned on receipt of evidence to show what she paid and when she paid it. It should also pay

interest at 8%* simple per annum on the amount she paid from the date she paid it until Chaucer Insurance Company Designated Activity Company reimburses her.

- Pay Mr and Mrs A £400 for the distress and inconvenience caused by its delays and poor claims handling, less anything it's paid them already on this claim.
- Undertake investigations to establish the cause of the smell as part of its effective and lasting repair of the damaged drains, in line with what I've said above.

* If Chaucer Insurance Company Designated Activity Company considers that it's required by HM Revenue and customs to deduct income tax from that interest, it should tell Mr and Mrs A how much it's taken off. It should also give Mr and Mrs A a tax deduction certificate if they ask for one so they can reclaim the tax from HM Revenue and customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A and Mr A to accept or reject my decision before 30 December 2024.

Paul Phillips
Ombudsman