

The complaint

Mr W complains Allied World Assurance Company (Europe) dac unfairly declined his landlord insurance claim.

Allied's been represented by agents for the claim and complaint. For simplicity I've referred to the agents' actions as being Allied's own. Mr W's been represented for the complaint. For the same reason I've referred to the representative's actions as being Mr W's own.

What happened

In April 2024 Mr W made a claim against his Allied landlord insurance policy. Water, escaping from a shower, had damaged a kitchen in his rental property. He also explained to Allied he was concerned scaffolding on a neighbouring property had damaged his plasterwork.

Allied sent a surveyor to Mr W's property. Mr W was disappointed the surveyor was only considering the escape of water, not the plasterwork damage. Allied told him the plasterwork would need to be considered under a separate claim as it wasn't related to the escape of water.

Mr W raised a complaint with Allied. He said he had been told the surveyor would consider both the escape of water and plasterwork damage. Unnecessary delay had been caused by different people inspecting the two areas of damage. He said during the time it was taking Allied to reach a decision on the claim both areas of damage had progressed.

In May 2024 Allied declined the escape of water claim. It said the loss wasn't covered by the escape of water section of the policy. It also said it was excluded as gradually occurring damage. Allied didn't uphold Mr W's complaint. It said it hadn't found he had been told both areas of damage would be assessed by the same surveyor.

In early June 2024, unsatisfied with Allied's response, Mr W referred his complaint to the Financial Ombudsman Service. He said his escape of water claim had been incorrectly declined. He felt the time Allied had taken to reach that decision had resulted in further damage. He considered the two issues should have been decided on in one visit and within a week rather than after two months.

After Mr W referred his complaint to this Service, Allied offered him £200 compensation. That was intended to make up for distress caused by a delay setting up the claim for plasterwork damage. Mr W didn't accept that as a resolution, so our Investigator considered his complaint.

She felt Allied's decision, to decline the escape of water claim, was fair and in line with the terms of the policy. She said £200 compensation was enough to make up for any distress and inconvenience resulting from delay or misunderstanding about the claims process. So the Investigator didn't recommend Allied do anything differently. As Mr W didn't accept that outcome the complaint was passed to me. He said the claim should be accepted and additional compensation paid.

Mr W has also complained about Allied's decision to decline the claim for plasterwork damage. This decision doesn't consider that issue. It is being looked at under a different complaint.

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 this is an informal service I'm not going to respond here to every point or piece of evidence Mr W and Allied have provided. Instead I've focused on those I consider to be key or central to the issue. But I would like to reassure both that I have considered everything submitted.

Allied referred to an exclusion to decline the claim. The terms exclude any loss or damage caused by or contributed to by, or resulting from wear and tear or anything which happens gradually over time.

Allied's surveyor considered the cause of escaping water to be failed grouting and sealant around a bath and shower. Having seen photos I'm satisfied that is the most likely cause. Mr W hasn't provided anything to me persuade me of a likely different cause.

The surveyor considered the resulting damage, to the bathroom and kitchen below, had been occurring gradually - across three months or so. Based on photos of the condition of the grouting/sealant, and the damage to the kitchen's ceiling and tiles, that seems a reasonable conclusion. So the damage does seem likely to have occurred gradually.

I also consider, again on the condition of the grout and sealant, the tenant or Mr W would have likely been aware of the leak and damage. So overall I consider it reasonable for Allied to apply the exclusion to decline the claim. I've considered Mr W's comments on the matter. But ultimately it wouldn't be fair to ask Allied to cover damage resulting from a failure to check or maintain the grouting and sealant regularly.

Mr W complained about the time Allied took to reach a decision on his claims. He felt they should have been considered together. I consider it was reasonable for Allied to open two claims - as there appears to be two unrelated causes of separate damage. And I've no reason to question Allied's requirement for two separate specialist firms to assess the two separate issues.

Allied accepted responsibility for some delay. It took too long to set up the plasterwork claim. It didn't request policy documentation promptly. But I haven't seen anything to persuade me it caused any avoidable delay resulting in additional damage or financial loss for Mr W. Overall I consider £200 to be enough to compensate him for any unnecessary distress or inconvenience Allied can be said to have caused. So I'm not going to require it to pay anything more.

My final decision

For the reasons given above, Allied World Assurance Company (Europe) dac should pay Mr W, if it hasn't already, £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 21 January 2025.

Daniel Martin
Ombudsman