

The complaint

Mr R complains Wakam unfairly declined to settle his claim on his home insurance policy and that it provided a poor level of service when dealing with his claim .

Wakam are the underwriters of this policy i.e. the insurer. Part of this complaint concerns the actions of the intermediary. As Wakam have accepted it is accountable for the actions of the intermediary, in my decision, any reference to Wakam includes the actions of the intermediary.

There are several parties and representatives of Wakam involved throughout the complaint but for the purposes of this complaint I'm only going to refer to Wakam.

What happened

Mr R had an issue in his home in which he experienced an electrical charge on certain surfaces in his kitchen. His energy provider attended but no issues with the power supply were found. In December 2023 he organised for an electrician to look at the issue. The electric supply to the property was found to be correct, however it was found that the underfloor heating system was causing the problem. The electrician concluded the damage must have happened due to a surge from the energy network external to the property.

In mid-February 2024. Mr R made a claim on his home insurance policy for damage relating to the suspected power surge.

Wakam said this wasn't an insured peril and declined to settle the claim. Mr R disagreed and said the cause of the damage was due to a lightning strike that had caused a power surge. Wakam's approved loss adjuster further looked into the claim, but it agreed the claim had been declined fairly under the terms of the policy.

Because Mr R was not happy with Wakam, he brought the complaint to our service.

Our investigator did not uphold the complaint. They looked into the case and said there was no evidence of lightning damage, but there was evidence that the damage was caused by a power surge, which wasn't covered under the policy terms. They said it wasn't Wakam's responsibility to diagnose the fault or to provide cover for something that isn't an insured peril. They said it was unfortunate that Wakam's contractor was a few hours late in attending an appointment but that this can sometimes happen.

As Mr R is unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

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.

It's important to be clear that when looking at complaints relating to claims for damage to a property, our service can't determine how the damage occurred. Our role is to consider whether a business acted fairly and reasonably in the circumstances, and we look at the information the insurer relied on to make its decision.

Wakam declined to settle the claim and said the underfloor heating wasn't covered on the policy and it fell within the policy exclusions for - mechanical or electrical breakdown or failure. It said it had relied up on the following policy exclusions:

"12 Any gradual or maintenance-related damage "

and

"13 Poor workmanship

Loss or damage caused by poor workmanship, use of faulty materials (including latent defects) or poor design (a latent defect is a fault which exists, but which only causes a problem at a later stage under certain conditions)".

Mr R then provided evidence by way of a report from an electrician who had attended his property. The report recommended *the under-floor heating be no-longer used due to the dangerous state of the systems installed* and that it was their professional opinion *this damage must have happened due to a surge from the energy network external to the property, as the flooring had not been damaged in anyway nor had any type of extra loading occurred to damage the wiring system.*

Mr R said he and his electrician include a lightning strike as a type of surge and that damage caused by lightning is an insured peril.

I considered if Mr R's claim could be considered under the storm peril in the policy. When we consider complaints about claims as a result of storm damage we approach them in a similar manner. There are three conditions that need to be met before we can say that a business should deal with a claim for storm damage. Those conditions are:

- 1) Was there a storm?
- 2) Is the damage typical of that caused by a storm?
- 3) Were the storm conditions the main cause of the damage?

Wakam's approved loss adjuster looked into the claim and provided a report which said at the time of its visit, it was unable to ascertain the cause of the damage. Its report acknowledged Mr R had said it may be lightning damage, but that he could not confirm any dates where lightning was experienced. The approved loss adjuster checked weather records over a period of three weeks prior to when Mr R became aware of the issue in December 2023, however it did not find any evidence of nearby lightning strikes during this time period.

Mr R said he wasn't certain when the actual loss happened, and the dates Wakam used to consider if lightning was experienced were not the correct dates. He supplied evidence of lightning in the area of his property in June 2023.

Mr R also said his energy supplier attended his property on two occasions and said there had been no power surge caused by themselves.

It's Mr R's belief that a lightning strike caused a power surge that affected his underfloor heating. Although I accept there's a possibility a lightning strike could have happened in the months prior to him having the underfloor heating system tested in December 2023, no evidence has been provided that confirms a lightning strike was definitely the cause of a power surge which affected the underfloor heating. In addition there is no evidence that gives absolute certainty that a power surge was the cause of the damage to it.

Because I haven't seen evidence to persuade me beyond doubt that the damage was caused by a lightning strike, I can't fairly tell Wakam to consider the claim under the storm damage peril.

Wakam have explained its reason for declining Mr R's claim was that there was no insured peril, and it said a power surge wasn't included in the cover. I looked at the terms and conditions of the policy and it doesn't set out that a power surge is covered as an insured peril. Although the policy doesn't specifically exclude this, we wouldn't expect the policy documents to list everything that isn't covered in the same way as we expect to set out what is covered.

I considered if the damage could be covered as accidental damage, but Mr R's policy didn't include any optional accidental damage cover. I am persuaded that in this case no insured peril has been identified and Wakam fairly declined to settle Mr R's claim.

Mr R said he had to speak to a number of different contacts when making his claim and this was a deliberate attempt to dissuade him from proceeding with his claim. Although I have seen he did have to contact a number of parties and representatives of Wakam and that this may have caused him some uncertainty in who he should be dealing with, I have not seen any evidence that this was an attempt to deliberately confuse matters.

Although Mr R will be disappointed, and I recognise there is an issue with his underfloor heating, I don't uphold his complaint and don't require Wakam to do anything further in this case.

My final decision

For the reasons I have given I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 4 February 2025.

Sally-Ann Harding
Ombudsman