

The complaint

T – a limited company – complains Accelerant Insurance Europe SA/NV UK Branch (Accelerant) unfairly declined a water damage claim under a hotel and guesthouse insurance policy.

Reference to Accelerant includes its agents.

What happened

In summary, T held a leasehold agreement with a landlord for a building containing a hotel. The landlord held buildings insurance. T held a hotel and guesthouse policy which was underwritten by Accelerant.

T obtained a structural report in August 2020. This noted the poor condition of the building and made several recommendations. T also carried out renovation works, these were completed by May 2022, and cost roughly £750,000.

In September 2022, T noted water damage due to a failed flat roof. It pursued a claim through the landlord's insurance policy. T has said after making a great deal of effort to progress matters, the landlord's insurer declined the claim as it considered damage was the result of gradual damage.

T raised a claim to Accelerant in October 2023. T completed repairs prior to this. Accelerant considered the claim under the storm peril. It declined the claim as it didn't think an insured event was in operation, damage was the result of gradual damage which the policy doesn't respond to, and in any case, had an insured event been in operation, further investigations would have been undertaken due to other concerns it had regarding a breach of a policy condition regarding flat roof inspections, and T's answers to policy questions, amongst other things.

T didn't agree. It said, in brief, it acted reasonably when completing repairs promptly, Accelerant shoe-horned the claim into the storm peril, but the cause of the roof failure could have been due to several reasons. It said Accelerant unfairly declined the claim given the evidence supports there was no issue with the roof in the lead up to the loss. T approached this Service for an impartial review.

The Investigator didn't recommend the complaint be upheld as he was satisfied Accelerant reached a fair and reasonable outcome on the claim. T didn't agree, so I must decide this 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.

I acknowledge I've summarised T's complaint in less detail than it presented it. It raised several points in relation to this matter. I've not addressed each point individually. Instead,

I've focused on what I consider the key points are. I mean no discourtesy by this – it simply reflects the informal nature of this Service.

With any insurance claim, the onus is on a policyholder to demonstrate they've suffered loss or damage as the result of an insured peril. So, I've focused mainly on this in my decision, the likely cause of damage, and Accelerant's handling and subsequent claim decision.

T has said a weather-related incident caused water to enter the property through a failed flat roof. It has said this could have been due to several reasons – including wear and tear. And this claim should succeed even though the cause of damage hasn't been stipulated.

Having reviewed this matter, I find Accelerant fairly assessed and declined this claim based on the information available to it. I say this for the following key reasons:

- I am satisfied it was reasonable for Accelerant to consider this claim under the storm peril. As mentioned above, an insured peril needs to be in operation for a claim to succeed, and so I don't find Accelerant acted unreasonably when considering it under the storm peril based on the information presented to it by T.
- Water entered the buildings due to a failed flat roof. Roofs don't last indefinitely, and flat roofs in particular have a limited lifespan and need regular maintenance. I am not satisfied the evidence supports regular maintenance occurred in the lead up to the claim-incident.
- T's 2020 structural report makes clear the building was old and dilapidated. While I note it doesn't make mention of issues with the flat roof, the report set out it was a general inspection to identify major damage, so not every issue would be mentioned. And it seems unlikely to me the condition of the roof would be materially different to the rest of the building.
- While I note T carried out extensive renovations, I've seen no compelling evidence that these included any changes and/or maintenance to the roof. Or that the roof was in a good state of repair between the 2020 report, to the September 2022 incident, and a one-off insured event (peril) was the main, dominant cause of damage.
- T made comments in October 2022 stating, "*the building is really old and there are several leaking incidents...*" and, in November 2022, it said it was having to deal with several leaks in the building. This in my view supports T likely experienced problems as the result of the age and/or condition of the property. I find it less likely these problems were the result of a one-off insured event.
- The landlord's insurer, which considered the claim at the time, concluded the damage was the result of gradual damage. There is no evidence the roof was damaged by an insured peril. There were, for example, no storm conditions on or around the date of loss, and there's no suggestion of foul play or an accident.
- Accelerant has said this claim was presented to it as a storm damage claim 12 months after the incident. And while it had concerns about other aspects of this claim, it concluded no insured peril was in operation. Rather, the roof failed due to gradual damage and wear and tear which the policy doesn't respond to. I find this was a fair and reasonable conclusion for it to reach based on the information available to it.

In concluding, I am not satisfied an insured peril was in operation here. In the absence of any evidence to the contrary, it's more likely than not damage was the result of gradual

damage and/or wear and tear which the policy doesn't respond to. So, it follows it was fair and reasonable for Accelerant to decline this claim. I don't require it to take any action.

I accept my decision will not be the one T was hoping for. But my decision ends what we – in attempting to informally resolve its dispute with Accelerant – can do for it.

My final decision

For the reasons mentioned above, I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 4 April 2025.

Liam Hickey
Ombudsman