

The complaint

Mr P and Mrs P complain about AA Underwriting Insurance Company Limited (“AAIC”) and the decision not to complete further repair work after initial repair works failed, leaving their property with mould.

Mrs P has acted as the main representative during the claim and complaint process. So, for ease of reference, I will refer to any comments made, and actions taken, by either Mr P or Mrs P as “Mrs P” throughout the decision where appropriate.

What happened

The claim and complaint circumstances are well known to both parties. So, I won’t be listing them chronologically in detail. But to summarise, Mr P and Mrs P held a home insurance policy, underwritten by AAIC, when their property was damaged by a flood. So, they contacted AAIC to make a claim.

AAIC accepted the claim, and arranged for Mrs P’s property to be dried, through their agent who I’ll refer to as “D”. A drying certificate was issued in February 2024 and AAIC paid Mrs P differing amounts that allowed her to arrange for repairs to be completed to her property. But by May 2024, significant mould growth was present in Mrs P’s home and so, she asked AAIC to reinspect her home and arrange for any required repairs to be completed.

AAIC declined this request, explaining why they thought the mould was caused by pre-existing damp in Mrs P’s property, before the flood occurred. So, AAIC refused to complete, or cover the cost of, any further repairs. Mrs P was unhappy with this response, so she raised a complaint.

AAIC responded to the complaint and upheld it in part. AAIC explained why they thought they were fair to refuse cover for any further repair work. But they accepted there were delays in D providing them with necessary reports, which prevented them from communicating their decision not to cover further work in a reasonable time frame. And that their communication with Mrs P had fallen short of the standards they expect. So, they issued a cheque for £200 to compensate Mrs P and Mr P for the above. Mrs P remained unhappy with this response, so she referred her complaint to us.

Our investigator looked into the complaint and upheld it, explaining why in two separate outcomes. They explained why they didn’t think AAIC had provided for an effective and lasting repair. And, why they didn’t think AAIC had evidence there was significant mould in the property before the insured event occurred. So, they recommended AAIC carry out the work recommended in the damp report, obtained by Mrs P and compiled by an expert who I’ll refer to as “X”. And they recommended AAIC pay Mr P and Mrs P a further £600 in compensation, to recognise the distress and inconvenience they were caused by AAIC’s refusal to complete further work, considering Mr P’s health issues which AAIC were aware of.

Mrs P accepted this recommendation. But AAIC didn’t, providing several comments setting out why. These included, and are not limited to, the salt tests they conducted, setting out

why they thought they were fair to determine the mould to have been caused by pre-existing damp. And their position remained unchanged, despite our investigator providing X's report to AAIC for them to consider. As AAIC didn't agree, the complaint has been passed to me for a 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.

Having done so, I'm upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

I've first focused on what I'm satisfied is the crux of Mr P and Mrs P's complaint, which centres around AAIC's decision not to cover, or arrange, the repairs required to rectify the mould in Mrs P's property.

I note it's not in dispute that there was an insured event which was covered under the terms of the policy AAIC provided. So, my decision is made on this basis, accepting that a flood did occur which caused the original damage Mr P and Mrs P claimed for.

So, as explained by our investigator, in line with our guidelines which follow general insurance principles, I would expect any repairs AAIC provided, or allowed for, to be effective and crucially, lasting. And in order to ensure this is the case, our service expects insurers such as AAIC to be responsible for all the repair work that may be needed to ensure any work completed is effective and lasting, as long as I am persuaded the work was required as a direct result of the insured event.

In this situation, I note AAIC arranged for D to complete the drying works to Mrs P's property and a drying certificate was issued in February 2024. But by May 2024, it's not in dispute that there was significant mould in Mrs P's home. And I've seen no evidence that persuades me this level of mould was present prior to the insured event, in this case the flood, occurring.

Mrs P has obtained a report from a damp expert, X. While this wasn't provided to AAIC at the point they issued their complaint response, it has been provided to AAIC by our service with AAIC being given chance to consider, and comment. So, in line with our services approach, this is a document I have considered at length when reaching my decision.

This report makes it clear that, in X's professional opinion, Mrs P's home wasn't dried correctly and that the render should have been removed and taken back to brick to allow the moisture in the bricks to dry. And from all the evidence I've seen, including AAIC's system notes and D's attendance and reports, I'm satisfied D, acting on AAIC's behalf, didn't remove the render, as X's report states they should have.

X's report goes on to explain that as the render wasn't removed, the render itself would've dried and this is why D took readings that allowed them to issue a drying certificate. But it goes on to explain the moisture in the brick work would reabsorb into the render. And crucially, X explains that by AAIC failing to dry the property correctly, Mrs P's property is now "water shocked" which is directly attributable to the flooding that occurred.

Considering this report, against the fact Mrs P's property was showing significant mould only three months after AAIC deemed the property dry, I'm persuaded by X's report that Mrs P's

property wasn't dried correctly, as it should have been. So, I'm satisfied the repair AAIC arranged, and provided for, isn't lasting and effective and because of this, I'm satisfied AAIC have acted unfairly when refusing to complete, or pay for, the works required to ensure the mould is removed and Mrs P's property reinstated to its pre-loss condition.

I recognise AAIC are unlikely to agree with this. And I want to reassure AAIC I have thought carefully about their argument that there was pre-existing damp at the property. While I do note Mrs P's property was old and built before certain building regulations were in place, I don't think this impacts the decision I've reached. As I've set out above, I've seen no evidence that persuades me Mrs P's home had mould to the extent it does now, before the flood occurred. And there are times where our service would expect a business to complete additional repairs that may be needed to rectify pre-existing issues, in order to ensure any work they do complete is effective and lasting. So, my decision remains that AAIC have acted unfairly.

I also note AAIC have already accepted the service they provided to Mr P and Mrs P fell short of what they would expect. As this isn't in dispute, I won't be discussing its merits in any further detail. Instead, I will turn to what I think AAIC should do to reasonably put things right.

Putting things right

Any award or direction I make is intended to place Mr P and Mrs P back in the position they would have been in, had AAIC acted fairly in the first place.

In this situation, had AAIC acted fairly, I'm satisfied they would have completed the repair work required to ensure Mr P and Mrs P's home was dried appropriately. So, this is what I now expect AAIC to do. X's report sets out clearly the steps required to ensure Mrs P's home is dried and I am directing AAIC to arrange for this work to be completed. I would also expect AAIC to then complete any further work required to reinstate Mrs P's home to the condition it was before the insured event occurred.

And as I'm satisfied AAIC declined to cover, or arrange for, the further work unfairly, I think an additional compensatory payment should be made, to recognise the inconvenience the delay in having this work completed has caused Mr P and Mrs P.

Our investigator recommended AAIC pay Mr P and Mrs P a further £600, on top of the £200 already offered. And having considered this recommendation, I'm satisfied it's a fair one that falls in line with our service approach and what I would've directed, had it not already been put forward.

I think it is significant enough to recognise the impact the delays would have caused Mr P and Mrs P, especially when Mr P's health condition is considered and how this would have been impacted by living in a property with mould present. I think it also recognises the time and effort Mrs P has spent challenging this decision, and the cost she would've incurred obtaining a report from X to support her position.

But I think it also fairly reflects the fact that the £200 originally offered by AAIC was a fair offer to recognise the service failings up to the point AAIC issued their complaint response, not including the incorrect decision to refuse to cover, or arrange, the further work I am now directing.

My final decision

For the reasons outlined above, I uphold Mr P and Mrs P's complaint about AA Underwriting

Insurance Company Limited and I direct them to take the following action:

- Arrange for and carry out the works outlined in X's report to ensure the property is dried correctly;
- Ensure Mr P and Mrs P's home is reinstated to its pre-loss condition after the works above have been completed; and
- Pay Mr P and Mrs P a further £600 compensatory payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P and Mrs P to accept or reject my decision before 15 April 2025.

Josh Haskey
Ombudsman