

The complaint

Mr M complains that Accredited Insurance (Europe) Ltd unfairly declined a claim he made on his home insurance policy.

Reference to Accredited includes its agents.

What happened

Mr M holds a home insurance policy with Accredited. He was notified by his local water authority (W) that a lot of water was recorded as being used by the property. It suggested he take a look and see if there may be a problem. W provided a list of companies to Mr M in order for him to try and find the leak and fix the problem, should there be one.

Mr M contacted one of the companies (A) who found there was a leak and recommended the most cost-effective solution was to re-route the mains. Mr M authorised that to be carried out.

Mr M also made a claim to Accredited for the damage caused. Initially, Accredited authorised a payment on the claim, then changed its mind. It said there was no sign of damage to Mr M's property caused by the escape of water. It said the damage was caused by the re-routing of the mains. It said the cost of repairing the leak itself wasn't covered by the policy, so neither was the work associated with it.

Mr M didn't think this was fair and complained. He thought he'd saved Accredited money by authorising the re-routing of the mains rather than trying to source the leak in the pipe. He said he's covered for trace and access, so thinks this part of his claim should be paid. He's also said the leak has caused the kitchen to hold a lot more moisture than acceptable levels, which is now damaging his property.

Accredited didn't change its stance, so Mr M brought his complaint to us. But it did offer £300 compensation for the fact it said it was going to pay the claim only to then change its mind.

One of our Investigators didn't recommend it be upheld. He thought Accredited were acting reasonably and in line with the policy when declining the claim. He also thought the £300 compensation was a reasonable amount to account for the loss of expectation of getting the claim paid.

Mr M didn't accept our Investigator's assessment and asked for an Ombudsman's decision.

I issued a provisional decision explaining why I was thinking of upholding Mr M's complaint. That decision said:

- *Mr M's policy covers him for damage caused by an escape of water. Crucially though, it doesn't cover him for loss or damage to the pipe the water escapes from.*

- *Based on this, I'm satisfied Accredited is acting fairly when not paying for the re-routing of the mains. This would fairly be deemed as repairing the loss or damage to the pipe itself.*
- *I'm also satisfied Accredited therefore don't need to pay for any damage caused by the process of re-routing the mains, again, I think this isn't covered by the policy as set out above.*
- *I take Mr M's point that he's covered for trace and access to find a leak, and his actions prevented that needing to happen, thus saving Accredited the associated trace and access costs. I don't disagree, but this doesn't make it a cost Accredited needs to pay. As above, it's simply not something his policy provides cover for.*
- *I'm not persuaded by Accredited's position that there's been no damage caused by the escape of water itself. It's widely accepted there has been a significant escape of water. It's accepted that the escape was underneath the kitchen. And from what I've seen the kitchen is showing to contain large levels of moisture.*
- *I don't think it's reasonable to say that because there's no signs of physical damage there's reason to not deal with the moisture. I don't think that produces a fair and reasonable answer. Unless of course it can be shown that the moisture levels will return to normal without causing damage. But I'm not persuaded Accredited has done this.*
- *I think more likely than not, that level of moisture is a direct result of the leak, rather than as a result of the re-routing of the mains. And I'm minded to say such levels of moisture constitutes damage.*
- *I appreciate Accredited's report saying there's no sign of physical damage, but I've also taken into account Mr M's report noting the level of moisture in the kitchen and that if not dried appropriately, damage will be caused. I've not seen anything persuasive from Accredited to show that these moisture levels are normal, or that they'll return to normal levels without any intervening action. And we've since been provided evidence from Mr M showing damage to his property.*
- *So, to put things right, Accredited should send a loss adjuster to Mr M's property and assess the damage/moisture levels on the basis that the escape of water is the proximate cause. If work is needed to be completed following that visit, be that drying or repairing or both, Accredited should arrange to complete the work. If however the report can detail the damage and moisture is attributable to another source, it should assess the claim against that source.*
- *I'm not persuaded Accredited's decision is currently fair, based on the available evidence. That will have caused distress and inconvenience for Mr M, for that, it should pay him £200 compensation.*
- *Receiving an offer to settle the claim and then having it withdrawn would have also caused distress and inconvenience, but I'm satisfied the £300 offered for that is reasonable. If Accredited hasn't already paid Mr M this sum, it should do so.*

To put things right I recommended Accredited:

- *Send a loss adjuster to assess the damage/moisture levels in the kitchen and their cause. As appropriate arrange for the required works to be carried out.*

- *Pay an additional £200 compensation for the distress and inconvenience caused.*
- *Pay the £300 compensation it's already offered, if it's not done so already.*

Accredited accepted that decision. Mr M asked that he be reimbursed cost of a further report carried out under his instruction to show the moisture levels in the property.

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've not been provided anything to persuade me to depart from the findings set out in my provisional decision above. Therefore my final decision follows that set out above, in both reasoning and outcome.

Mr M has asked to be reimbursed the cost of a report carried out showing moisture in the property. This report looks to support that the moisture is still high, that it is a result of the leak and that it has caused damage.

I put this to Accredited who have agreed to reimburse Mr M the cost of this report. And have already raised the payment.

My final decision

For the reasons set out above, my final decision is that I uphold this complaint. To put things right Accredited Insurance (Europe) limited need to:

- Send a loss adjuster to assess the damage/moisture levels in the kitchen and their cause. As appropriate arrange for the required works to be carried out.
- Pay an additional £200 compensation for the distress and inconvenience caused.
- Pay the £300 compensation it's already offered, if it's not done so already.

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

Joe Thornley
Ombudsman