

The complaint

Ms B and Mr R has complained about how Highway Insurance Company Limited trading as LV=Broker (Highway) dealt with a claim under their home insurance policy.

As Mr R mainly seemed to deal with the claim and complaint, for ease, I will normally only refer to him.

What happened

Mr R contacted Highway to make a claim when he found water entering his property through a window frame and at roof level. Highway said the leak wouldn't be covered but that it would cover the internal damage.

Mr R carried out work to deal with the leak and about 18 months later got in contact with Highway to deal with the internal damage. Highway reviewed the claim and said the internal damage wasn't covered by the policy. It said the damage wasn't a one-off event. When Mr R complained, Highway maintained its decision to decline the claim but offered £100 compensation for the loss of expectation.

Mr R complained to this Service. Our Investigator didn't uphold the complaint. He said there wasn't cover under the policy for the internal damage as it wasn't caused by an insured risk. He said the £100 compensation offered was reasonable for Mr R's loss of expectation about the claim being covered.

Mr R didn't agree. He said he had carried out some of the leak repairs in the expectation that Highway would cover the internal damage. He also said he continued to pay Highway premiums because it had said it would cover the claim. He said Highway's error had cost him a lot of money. So, the complaint was referred to me.

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 don't uphold this complaint. I will explain why.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. So, I've thought about this complaint in that context.

For a claim to be covered, the damage needs to be the result of a one-off insured event listed in the policy. When Mr R first reported the claim, he told Highway water was entering his property through a window frame and a leak in the roof. Highway said the leak repairs wouldn't be covered, but the internal damage would be. It's my understanding that, at that time, Highway assessed the internal damage would be covered under the accidental damage part of the policy.

Mr R arranged for a range of contractors to carry out assessments and repairs. He provided a report from a contractor that had identified the issue with the window. This said the frame to the first floor window was rotten. The windows on the first and second floor needed to be removed in order to seal them. Mr R told this Service the issue was caused by the guttering. The escape of water cover under the policy said there was no cover where the escape of water was from guttering. I've also looked at the accidental damage cover. The policy explained this was: "*Sudden, unintentional and unexpected physical damage that can be seen*". However, the exclusions under that part of the policy said accidental damage didn't cover "*Damage caused by water entering the building*". So, I think it was reasonable for Highway to decide the damage wasn't covered under the policy and to decline the claim.

However, I'm aware Mr R has said that he went to great expense to repair the leak with the expectation that Highway would cover the internal damage. He said this affected how he both financially and strategically approached the repairs. But, from what I can see, Mr R was always going to have to repair the leak and to do so at his own expense. It was for Mr R to find the source of the leak and to arrange the repairs. It was also for Mr R to maintain his home and to decide how to do so.

Highway has accepted it made a mistake when it initially told Mr R the claim for the internal damage was covered. Our approach when a business makes a mistake is to put the consumer in the position they would have been in, but for the mistake. In this case, if Highway hadn't made a mistake Mr R would have known earlier that there was a possibility the internal damage wouldn't be covered. I don't think it's fair and reasonable for me now to put Mr R in a more favourable position than the one he'd have been in, by saying Highway should cover the internal damage.

An insurer is also entitled to review a claim. Sometimes this means an insurer changes its assessment about whether a claim is covered under the policy. Where it decides a claim isn't covered, this Service would normally expect an insurer to consider the loss of expectation and whether any compensation should be paid to recognise this. In this instance, Highway offered £100 compensation. I think that was fair in the circumstances.

I'm aware Mr R has also said he continued to pay premiums to Highway in the expectation that it would cover the internal damage. However, if Mr R wanted home insurance, whether through Highway or another company, he was always going to need to pay premiums for this. So, I don't think Highway needs to refund any premiums.

As a result, I don't uphold this complaint or require Highway to do anything further in relation to it.

My final decision

For the reasons I have given, it is my final decision that this complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B and Mr R to accept or reject my decision before 14 April 2025.

Louise O'Sullivan
Ombudsman