

The complaint

Mr C and Mrs M have complained about the service provided by Wakam Insurance Company ('Wakam') in relation to their claim for water damage under their home insurance policy. For the avoidance of doubt, the term 'Wakam' includes Wakam's agents and representatives for the purposes of this decision.

What happened

Unfortunately, in January 2024, Mr C and Mrs M's home was flooded following a burst pipe. The leak was promptly repaired by Mr and Mrs M's home emergency provider. Wakam inspected the damage in February and March 2024, however it didn't action drying of the affected room or make any repairs. Wakam accepted the claim in principle but was concerned that there was an underlying damp problem at the property and wanted further tests to be carried out before proceeding with further action. Wakam partly upheld Mr C and Mrs M's complaint and offered compensation of £150 for certain delays in the process.

Mr C and Mrs M considered this to be an inadequate response as they felt that their home had suffered further damage due to Wakam's delays, so they referred their complaint to this service. The relevant investigator upheld the complaint and considered that Wakam's approach may have caused financial loss to Mr C and Mrs M which needed further consideration. He also considered that Wakam should pay Mr C and Mrs M £400 in total for the distress and inconvenience they'd suffered.

Wakam didn't agree with the investigator's view. In the circumstances, the complaint has been referred to me to make a final decision in my role as Ombudsman.

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.

The key issue for me to determine is whether Wakam applied the terms and conditions of the relevant policy and handled Mr C and Mrs M's claim in a fair and reasonable manner. I don't consider that it did in all respects, and I'll explain why.

In reaching this decision, I've also considered the submissions of the parties as summarised below. Turning firstly to Mr C and Mrs M's submissions, they explained that following the flooding incident, and despite their best efforts, they'd been unable to fully restore their home, as the repairs had been carried out at their own expense and to their own timeline. Although the leak was fixed promptly by their home emergency insurance provider, Wakam then required Mr C and Mrs M to chase the report on the damage. After multiple follow-ups by Mr C and Mrs M this was provided, but their carpet remained wet up until this time and the floor and sidewalls continued to soak up water. Mr C and Mrs M said that their claim was therefore only registered by Wakam three weeks post-incident, and it hadn't arranged drying contractors or carpet removal to minimise damage. Again, after Wakam's February inspection, no drying contractor was arranged, but everything in the room was still wet and had started to smell. In early March, Mr C and Mrs M chased Wakam as they hadn't heard

anything. When the March survey was then conducted, Mr C and Mrs M were instructed not to dispose of anything while Wakam decided the next steps. During this time, they said that they'd made multiple phone calls and left voicemails, which weren't returned. They said that mold continued to grow due to the wet walls and ceiling insulation, and they felt that Wakam's lack of action led to further damage and expense.

As to their damaged carpet, Mr C and Mrs M provided a quote for its replacement in May 2024, but Wakam withheld payment until a dampness test was carried out, so the room remained unusable, and the house was left in disarray. They said that Wakam organised another company to carry out leak detection inspection in June 2024, and the company came in August 2024 to do a salt analysis test. Mr C and Mrs M said that this showed no moisture in the room, but with an added caveat. After this, Mr C and Mrs M started repairing the room at their own cost and spent about £8,000 to do so.

In conclusion, Mr C and Mrs M said that they were perplexed *'as to why a drying contractor was not arranged immediately after the accident to prevent further damage,'* and why Wakam insisted on a dampness test after they'd already incurred the cost of repairs. Five months later, their home was still not fully repaired. They said that the situation had caused unexpected financial and emotional strain and simply wished their home to be restored to its pre-accident condition and for Wakam to cover the cost of their repairs and losses.

I now turn to Wakam's response to Mr C and Mrs M's complaint. It explained that it had needed the emergency repairer's report confirming that the leak had been repaired. This wasn't received until early February 2024. Based on its own inspection report, Waken considered that additional validation of the claim was required by its loss adjuster. It said that contractors were initially appointed, but due to concerns regarding pre-existing external damage, it determined that the contractors would be unable to proceed. Wakam had noted that some of the damp was due to poor construction of the extension which was showing signs of penetrating and/or rising damp for which there was no policy cover.

Wakam acknowledged that there had been communication failures, lack of updates, and that there had been multiple instances where correspondence had gone unanswered. It apologised to Mr C and Mrs M and offered compensation of £150. Whilst it acknowledged a four-week delay following attendance of the loss adjuster, it said that during this time, Mr C and Mrs M had also failed to resolve the underlying issue that was contributing to damp issues. It considered that as this issue was still causing damage, the leak damage may not have been able to be resolved in any event. It stressed that it was a policy condition that the customer had to take action to mitigate further loss and added that Mr C and Mrs M hadn't been forthcoming with a quote for necessary works.

Wakam stated in response to the investigator's view that, as regards financial loss, any damage identified in relation to the insured peril would be reviewed in due course as part of the claim settlement and that Mr C and Mrs M would be indemnified accordingly. It said that it made an offer of settlement in August 2024 for the damage assessed to be caused by the insured peril, but this wasn't accepted by Mr C and Mrs M. It therefore didn't think that it could take any further action. Finally, Wakam couldn't see a practical way to assess and apportion any damage that may have been caused by the delays they'd caused, due to what it considered to be a dual problem.

I now turn to my reasons for upholding Mr C and Mrs M's complaint as follows, the starting point being the terms and conditions of the home insurance policy. This policy does, in principle, cover loss or damage to buildings or contents caused by household leaks. The policy also includes some standard exclusions such as loss or damage caused by wear and tear or any other gradual operating cause. The policy makes it clear that the insurer can decide how it will settle a claim, and in view of the possible combination of an insured and

non-insured cause of damp and damage, I consider that it acted in a reasonable fashion by deciding to cash settle the insured repairs.

Wakam produced two reports, dating from February and March 2024. The first included photographs showing the extent of internal damp, but also of the exterior and roof of the property which show significant issues in terms of wear and tear and lack of maintenance. On the balance of probabilities, I consider it likely that the internal damp had a dual cause, one being covered by the policy, and the other not. For example, it's clear that the square taken out of the ceiling of the relevant room was due to the emergency plumber having to gain access to the leak. On the other hand, from the evidence, it's likely that the poor condition of the skylight had caused some water ingress. I can therefore appreciate that it's not a straightforward exercise to apportion damage between each cause, and neither report attempts to provide an opinion on the subject. In addition, it's unfortunate that the report of the emergency plumber from January 2024 simply states that the cause of the leak was a burst pipe and provides no information on the extent of the leak and of the damage found. Furthermore, it appears that a salt tests report was commissioned in the summer of 2024, however unfortunately this hasn't been produced for the file.

I can appreciate that Mr C and Mrs M will have been distressed by the incident itself and also by the claims process, which unfortunately, will always cause some inevitable inconvenience. Although emergency cover appears in the same policy document as the home insurance cover, it's often the case that these aren't covered by the same providers. I can't therefore say that Wakam was responsible for initial delays, as it would reasonably wish to have urgent sight of the emergency provider's report as to the cause of damage. On receipt of this report however, I do consider that it would have been appropriate for Wakam to arrange drying of the room in order to minimise further damage. Mr C and Mrs M will have reasonably assumed that the matter was in the hands of their insurer at this stage and that it would be providing help and guidance. If Wakam was in any doubt about the extent and apportionment of damage, it had the option of following this up with the emergency provider.

Whilst I appreciate that Wakam had, by mid-February flagged up concerns regarding damp from a non-insured source, it's yet to provide a definitive professional opinion on the point, and as stated above, the salt test report hasn't been made available. If it had arranged drying at the outset, and the measure hadn't been successful, then this would have provided both parties with some clarity on the likely primary source of damage and therefore the question of apportionment of damage. After the loss adjuster's March 2024 report, Wakam acknowledged that it was responsible for delays of a month in progressing the matter. This, together with the failure to reasonably conduct a drying exercise at the outset, is likely to have exacerbated damage at Mr C and Mrs M's home.

I note that Wakam felt that its hands were tied as Mr C and Mrs M hadn't provided quotes for claimed works, apart from the carpet. However, I also note that Wakam made a cash settlement offer in the summer of 2024, (although the amount of that offer isn't clear from the submitted documentation). Therefore, at that stage, following receipt of professional advice and input, Wakam had felt able to assess and apportion the cost of works to remedy the insured element of damage. I therefore disagree that there isn't a practical way for Wakam to again re-assess and apportion the relevant damage, particularly in the light of the findings of the salt test report. I would stress that the cash settlement also reasonably needs to reflect the acknowledged delays and additional damage which is likely to have occurred as per my finding that Wakam should have actioned drying of the room at the outset.

Wakam has stated that any damage identified in relation to the insured peril would be reviewed '*in due course*' as part of the claim settlement, however as the flooding incident took place well over a year ago, this review should now be carried out as a matter of urgency, and in any event within 28 days of the date of this decision letter. I wouldn't expect

Wakam to reimburse Mr C and Mrs M for external maintenance repairs, or indeed in relation to gradually occurring rising/penetrating damp issues. In the circumstances, the parties clearly need to work together in order to finally resolve this long-standing complaint, and I consider that Wakam should fairly and reasonably lead upon this process.

In the circumstances, I'm satisfied that it's fair and reasonable to require Wakam to promptly re-assess the cash settlement figure as above. Its loss adjuster should apply a fair and reasonable apportionment by considering the damp report which Wakam commissioned in the light of its previous reports. Wakam should also pay interest upon the cash settlement from the date of its original offer, or from the date that Mr C and Mrs M paid invoices for any relevant items, if sooner.

Finally, I require Wakam to pay Mr C and Mrs M compensation totalling £400 (less £150 if this has already been paid) for the unnecessary distress and inconvenience caused by Wakam's lack of communication and efficient claims-handling over a number of weeks. I consider this to be in line with the compensation this service expects to be paid under its published guidance for service failures of this nature.

My final decision

For the reasons given above, I uphold Mr C and Mrs M's complaint and I require Wakam Insurance Company to do the following in response to their complaint: -

- to re-assess within 28 days of the date of this decision letter the cash settlement figure which is to be paid to Mr C and Mrs M.
- To pay interest on the above sum, calculated from the date of the original cash settlement offer (or payment of invoices as above for any relevant items, if sooner), until the date of settlement, at 8% a year simple interest*
- To pay compensation in the total sum of £400 for distress and inconvenience caused.

*If Wakam considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr C and Mrs M how much it's taken off. It should also give Mr C and Mrs M a certificate showing this if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs M to accept or reject my decision before 16 April 2025.

Claire Jones
Ombudsman