

The complaint

Mr and Mrs T complain about Advantage Insurance Company Limited's decision to decline a claim for escape of water under their home insurance policy.

Advantage has been represented on the claim by its agents. For simplicity, at points, I've referred to the actions of Advantage's agents as being its own.

What happened

Mr and Mrs T had a home insurance policy with Advantage. In May 2023, they noticed bubbling of the vinyl flooring in their kitchen, along with a wet floor, so they made a claim. This was on the basis the damage was caused by an escape of water (EOW).

Advantage carried out an inspection in June 2023 and following this, it declined the claim. It said the damage was caused by rainwater ingress, not EOW.

Mr and Mrs T then arranged inspections of external areas of the property. They also arranged a damp inspection in March 2024, by a company, which I will refer to as O. O carried out trace and access works and in April 2024, it reported the damage was caused by a leak from a water pipe under the kitchen floor. It said a plastic connection on the pipe had deteriorated over time.

Mr and Mrs T sent this information to Advantage but in May 2024, it still declined the claim. It said the damage, including to the building, was caused by wear and tear and deterioration over time, so it was excluded under the cover.

Mr and Mrs T complained. They said Advantage should cover the damage caused by the EOW. And they said there had been further damage after it declined the claim in 2023.

Advantage issued a complaint response in June 2024. It accepted it was wrong to say there was no EOW and this meant water continued to enter into the kitchen. It paid Mr and Mrs T £200 compensation for the poor service. Advantage accepted there was a leaking pipe, but because this was due to a connection that had deteriorated over time, it said the policy exclusion for wear and tear, and gradual cause applied. So it still declined the claim in full.

Mr and Mrs T referred their complaint to the Financial Ombudsman Service. They said they'd incurred costs in arranging inspections of the damage after Advantage said there was no leak. They said the delay caused by Advantage led to further damage and impacted their use of the kitchen. They also said they couldn't have known about the leak before the claim and Advantage should cover the damage caused by the EOW.

The Investigator upheld the complaint. They said the policy didn't cover the leaking pipe itself, but they said Advantage should cover the cost of the trace and access works to identify the source of the leak and reconsider the claim for the damage caused by the EOW. They also said Advantage should reimburse Mr and Mrs T the costs they incurred in arranging inspections of the property and in drying it out. Finally, they said Advantage should pay a further £300 compensation for the distress and inconvenience caused.

Advantage didn't agree. It also said Mr and Mrs T took time to carry out inspections after it declined the claim.

Because the complaint couldn't be resolved, it's been passed to me to decide.

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.

Trace and access

The terms of the policy say Advantage will provide cover, up to £5,000, for the costs to find the source of damage to the home caused by an EOW.

Mr and Mrs T incurred costs in arranging trace and access works through O. Advantage has refused to reimburse these costs because it says there was no physical damage found at the property and trace and access cover only applies where there is physical damage.

I've reviewed the policy terms, and it doesn't include a definition of the word damage. So I consider it's fair in the circumstances to use the everyday meaning of the word.

Having reviewed the evidence, I'm satisfied there was physical damage when Mr and Mrs T made the claim. I say this because even in its leak detection survey of June 2023, Advantage observed that the flooring had bubbled up and the concrete under the kitchen units was wet. I think this is sufficient to meet the everyday definition of physical damage.

Furthermore, Advantage also referenced "*water damage under kitchen units*" in the survey, when describing some of the pictures in its report. And despite concluding incorrectly that the cause was rainwater, it still said this cause was "*contributing to the water damage to the kitchen*" and that the "*kitchen will need to be repaired...*"

So overall, I'm satisfied there was physical damage to the property as a result of the EOW. It follows that I think there was trace and access cover under the terms, in the circumstances.

Having reviewed the evidence, I'm satisfied Advantage was wrong when it said there was no EOW. Advantage accepted in its final response it was wrong. It also told our service it accepts Mr and Mrs T's agent (O) carried out trace and access works to locate the EOW. So, I think it's fair in the circumstances, for Advantage to reimburse Mr and Mrs T the costs of the survey and trace and access works carried out by O. And because I think they were unfairly deprived of this money, I think Advantage should add interest to this amount.

Under the terms of the policy, there is no cover to repair the source of the damage under trace and access cover. There is also no cover to repair the damage to the leaking pipe under EOW cover. I can see O's works included repair of the damaged pipe, so I think Advantage can fairly deduct the cost of this repair.

Financial losses

I've explained above Advantage was wrong to say there was no leak in June 2023, when it first declined the claim. I'm persuaded by O's report that the damage Mr and Mrs T first reported was caused by a leaking pipe (EOW).

Mr and Mrs T said Advantage declined the claim around July 2023. I've no reason to believe this wasn't the case, and it seems plausible given that Advantage's leak detection survey

took place towards the end of June 2023.

Mr and Mrs T provided evidence to show they booked an external survey by a damp specialist in September 2023, along with evidence they followed this up in January 2024 to confirm they'd followed the advice given but the damp issues were unresolved.

They've also said a water company inspected the outside water mains in February 2024, and I've also no reason to believe this didn't take place.

Overall, I think Mr and Mrs T relied on Advantage's incorrect conclusion to arrange external inspections, and other works, such as drying, and I think they acted reasonably in doing so. It follows that I consider it fair for Advantage to reimburse Mr and Mrs T the costs they incurred in arranging the inspections, so long as Mr and Mrs T can prove to Advantage these costs were incurred.

I understand these costs include £225 for a survey of external drains and £150 to rent a dehumidifier. I consider these costs reasonable, so I will direct Advantage to reimburse Mr and Mrs T this, as long as they can evidence the costs were incurred. And because I think Mr and Mrs T unfairly incurred these costs due to Advantage's initial conclusions, I think Advantage should add interest to these amounts.

EOW

Mr and Mrs T's policy provides cover for loss or damage caused by water leaking from a fixed water installation.

In May 2024, Advantage told Mr and Mrs T it was still declining the claim because the leak was caused by wear and tear and deterioration over time. In December 2024, Advantage told our service it accepts there was an EOW incident but that it had declined the claim based on the gradual cause exclusion.

Mr and Mrs T's policy doesn't cover loss or damage that happens gradually over a period of time, including damage caused by wear and tear.

O said a plastic connection on the leaking pipe had deteriorated over time and caused the leak. So I'm satisfied the damage to the pipe was due to wear and tear. I've explained above that I don't consider it fair to require Advantage to cover the cost to repair the damaged pipe.

But when considering the damage caused by the EOW, I don't consider it fair for Advantage to apply the exclusion for wear and tear. I say this because I consider the proximate cause of damage to the building was the water leaking from the pipe, and neither the EOW, nor the damage to the building can fairly be considered wear and tear. In seeking to apply the wear and tear exclusion to the damage caused by the EOW, I think Advantage is interpreting the exclusion in a much broader way than it's written, and in a way I don't consider is fair and reasonable in the circumstances.

Turning to the exclusion for gradual cause, I'm satisfied the damage Mr and Mrs T claimed for, happened gradually. I say this because the damage included bubbling up of the kitchen lino flooring, through concrete flooring, which I think would have taken a reasonable amount of time to occur. So on strict application of the policy terms, Advantage can decline the claim.

But this doesn't mean I consider it's fair for Advantage to rely on the exclusion to decline the claim. I consider it fair to also consider whether Mr and Mrs T should (or ought reasonably to) have been aware of the damage happening gradually. And I don't think they should have

been. I've explained why below.

Advantage accepted in its final response that Mr and Mrs T couldn't have detected or prevented the leak, and it hasn't provided any other evidence to show they ought to have been aware of the leak or the damage it was causing, before they made the claim. Advantage itself was also unable to locate the leak when it inspected the property. And because the leak was from a pipe under the kitchen floor, it took intrusive investigations by O to locate it.

So overall, I don't think Mr and Mrs T could have been aware of the damage happening, because it was under a concrete floor in their kitchen. And I think they made the claim as soon as they became aware of the damage.

So, in the circumstances, I don't think it's fair for Advantage to rely on the exclusion to decline the claim. This is because I consider Mr and Mrs T were prevented from noticing the damage, alerting Advantage, or doing anything to stop the damage getting worse, prior to making the claim. And because they couldn't have done anything more, I consider it unfair for them to lose out because of the exclusion.

It follows that I find Advantage should reconsider Mr and Mrs T's claim for EOW damage, without relying on the exclusions for wear and tear and gradual cause. And because I consider Mr and Mrs T acted reasonably following Advantage's initial decision to decline the claim, I think Advantage should consider all the damage caused by the EOW (and reasonable costs incurred) from when Mr and Mrs T first made the claim, to date, including the kitchen flooring. And because I consider Advantage acted unfairly in declining the claim, I think it should add interest to any payments it makes to Mr and Mrs T (and any payments it reimburses), under the claim.

Non-financial loss

Mr and Mrs T said Advantage's decision to decline cover meant they lost use of the kitchen room, which they also use as a dining room. I think this would have caused them considerable distress and significant avoidable inconvenience over many months.

In addition, I can see that Advantage has on occasion misunderstood Mr and Mrs T's claim for damage caused by EOW, referring to accidental damage in its email in May 2024, and referring to malicious damage in its final response of June 2024. I think this too would've caused Mr and Mrs T avoidable frustration.

Overall, I agree with the Investigator's recommendation for Advantage to pay Mr and Mrs T a further £300 compensation, on top of the £200 compensation it has already paid. So this is what I will direct it to do.

My final decision

My final decision is that I uphold this complaint. Subject to my comments above, I require Advantage Insurance Company Limited to:

- Reimburse Mr and Mrs T the costs they paid to O, for the survey and trace and access works.
- Settle the trace and access claim for any remaining works, including any reinstatement works.
- Subject to proof of the costs being incurred, reimburse Mr and Mrs T £225 for the external drain survey, and £150 for the dehumidifier rental.
- Reconsider Mr and Mrs T's claim for escape of water damage, without relying on the

exclusions for wear and tear and gradual cause.

- On any amounts it pays Mr and Mrs T as a result of the above, it should add interest at the rate of 8% simple per year, from the date it declined the claim, or the date Mr and Mrs T incurred the cost (whichever is later), to the date of settlement*.
- Pay Mr and Mrs T a further £300 compensation for the distress and inconvenience caused.

* If Advantage considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr and Mrs T how much it's taken off. It should also give them a tax deduction certificate 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 T and Mrs T to accept or reject my decision before 21 April 2025.

Monjur Alam
Ombudsman