

## **The complaint**

Miss O complains Millennium Insurance Company Limited (Millennium) unfairly declined to settle her claim on her home emergency insurance policy.

Millennium are the underwriters of this policy i.e. the insurer. Part of this complaint concerns the actions of the intermediary. As Millennium have accepted it is accountable for the actions of the intermediary, in my decision, any reference to Millennium includes the actions of the intermediary.

## **What happened**

Miss O made a claim on her home emergency insurance policy after finding a leak on her hot water cylinder.

Millennium's approved engineer attended and said the leak was due to corrosion of a copper pipe connected to the water cylinder. Millennium said as copper corrodes very slowly this meant it will have existed prior to Miss O taking out the policy. It deemed the issue to be pre-existing and it declined to complete the required repair. It refunded the £95 call out fee as a gesture of goodwill.

Because Miss O was not happy with Millennium, she brought the complaint to our service.

Our investigator upheld the complaint. They looked into the case and said they didn't think Miss O was aware or could have reasonably been expected to have been aware the damage was occurring either prior to the purchase of her policy or afterwards until the cylinder started to leak. They said Millennium should assess and settle her claim in accordance with the remaining terms of the policy and pay £300 compensation for the distress and inconvenience caused.

As both Miss O and Millennium are unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

## **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 looked at the terms of the policy and it says;

*"What is covered*

*Wider Central Heating*

*Repairs to:*

- *Expansion tank, radiators, towel rail radiators (both straight and curved), bypass and radiator valves.*
- *Hot water cylinders and any immersion heater and its wired in timer switch.*
- *The pipes that connect the central heating system, for example, the pipes that connect to your radiators or cylinders."*

This confirms the hot water cylinder and pipes are covered under the terms of the policy.

Millennium said when its engineer attended, corrosion was reported to the cylinder's hot outlet, which had caused the leak. A new cylinder and pipework was required as it wasn't repairable. Millennium reviewed this information and said rust or corrosion often develops over time and wouldn't be a sudden issue caused after her policy began. Millennium said it wouldn't complete any repairs or rectify faults that its engineer deemed would have existed before Miss O took out the insurance policy. It deemed the issue was pre-existing and said it couldn't move forward with repairs.

In the terms of the policy it says;

*"What is not covered*

*Pre-existing faults*

*Any problems that our engineers judge to have happened before the start of your insurance policy."*

When considering this term I saw Miss O took out the policy in January 2024. When the central heating boiler was serviced by Millennium's engineer on 29 August 2024 she mentioned a leak under the floorboard. And she then made a claim on her policy in September 2024.

I saw in October 2024 Millennium said whilst it wasn't suggesting the leak itself existed for the full ten months of her policy, its experts believed the corrosion, which caused the leak, started much earlier than when her policy began in January 2024. It said it would take significantly longer than ten months for this corrosion to have happened to the copper pipes which caused the water to leak. In contradiction to this in March 2025 it said images of the cylinder indicated it had a *long-standing leak* and corrosion prior to the commencement of their policy.

Miss O provided a report from an independent plumber which said there is currently no reliable method to determine the duration of existing leaks. And without specific monitoring tools or historical data, it is impossible to accurately assess how long a leak has been present or how soon a leak can happen.

Both expert testimonies confirm there is no conclusive evidence that the pipes were already in poor condition at the time the cover was taken out.

Miss O contacted Millennium at the point she became aware the leak was from the cylinder. I considered if she should've been aware of the corrosion to the pipes and I don't think it is reasonable for her to be expected to have been aware of an issue with corroded pipes at the time the policy was taken out. I am persuaded she would be unaware of this until after the leak started and it was inspected by Millennium's expert to establish the cause. Therefore I think it's unfair for her to lose out because of the pre-existing damage exclusion.

I am not persuaded Millennium treated Miss O fairly by relying on the pre-existing damage exclusion to decline her claim and think the fair and reasonable outcome in this case is for Millennium to settle her claim for the cylinder and pipes. The policy does not cover damage caused by the leak.

Therefore, I uphold Miss O's complaint.

### **Putting things right**

I require Millennium to settle her claim as per the remaining terms of her policy. It should also pay £300 compensation for the distress and inconvenience caused to Miss O when it

left her without fully working hot water for a period of time, and it was aware she was in a vulnerable situation due to serious health issues.

### **My final decision**

For the reasons I have given I uphold this complaint.

I require Millennium Insurance Company Limited to;

- Settle Miss O's claim under the remaining terms of her policy.
- Pay Miss O £300 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 6 May 2025.

Sally-Ann Harding  
**Ombudsman**