

The complaint

Mr C, an executor of the estate of Mr S, complains about Hiscox Insurance Company Limited's handling of an escape of water claim under a buildings insurance policy, and the cost of the insurance.

What happened

Mr C complained to Hiscox in 2024 following its decision to decline an escape of water claim. Hiscox declined the claim referring to the policy terms regarding a policy condition over the winter months while the property is unoccupied. Hiscox has said, in brief, the heating wasn't on, a pipe froze in January 2024 which caused damage, and the policy specifically excludes this.

Mr C didn't think this was fair for the following key reasons:

- Mr C renewed the policy in 2023 on behalf of the estate. At no point was the policy condition brought to his attention, Hiscox failed to include this within the policy information, and it was aware the property was unoccupied prior to the 2024 claim.
- Even if the heating wasn't on, which Hiscox hasn't demonstrated was the case, the likely cause of damage was a fault in the boiler, and his own report says heating the property wouldn't have prevented the claim-incident occurring.
- A representative of the estate (that carried out the report for Mr C) also said the claim was declined based on an assumption the heating was off, and this wasn't correct. The representative has said the heating had been on throughout the year; it was on when they visited the property on 26 January 2024 (the date of discovery) and was only turned off then due to safety concerns. Mr C also said as far as he was aware, the heating was set to come on.

Mr C also raised concerns regarding the service provided by Hiscox during this claim, leaving him to arrange drying and subsequent repairs, and the cost of the insurance to the late Mr S and the estate over the years.

Hiscox responded to the complaint in July 2024. It paid Mr C £150 compensation for the service issues, but maintained the claim was declined fairly. It said the condition it relied on was a general policy condition, it wasn't added once the property became unoccupied, and was set out clearly within the policy information, including the Important Product Information Document (IPID), sent to Mr C, and the late Mr S in the years prior.

Hiscox further said it didn't treat the estate or the late Mr S unfairly, or any differently, to other customers, regarding the cost of the insurance.

Mr C didn't agree, so he asked this Service for an impartial review. I issued a provisional decision on 1 April 2024 which set out the following:

"What I've provisionally 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 recognise I've summarised this complaint in less detail than it's been presented. Several points have been made in relation to this matter – I've not addressed each one individually. Instead, I've focused on what I think are the pertinent points. I mean no discourtesy to either party by this – it simply reflects this Service's informal nature.

Mr C has raised several points in relation to his dissatisfaction with Hiscox. For ease of reading, I've used subheadings to set out my decision.

The claim

To consider this complaint, I've thought about the two key questions I must answer. These are:

1. Did Hiscox act fairly and reasonably when Mr C renewed the policy in May 2023?
And
2. Did Hiscox decline this claim fairly and reasonably?

I'll address each in turn.

I find the answer to question one is "yes". I say this for the following key reasons:

- On 15 May 2023, a representative of the estate informed Hiscox of the very unfortunate circumstances regarding the late Mr S. Their email confirmed the property was unoccupied. Hiscox responded the following day to say it couldn't provide policy details or make changes without further information from the estate. I find Hiscox's response was reasonable.
- Mr C then contacted Hiscox by phone on 26 May 2023 because the policy was due to expire. The agent facilitated the transfer of the policy to the estate and payment details were provided by Mr C. The agent informed Mr C the policy would roll-over and renew. I am satisfied Hiscox did what it was required to do here – facilitate Mr C's request to renew the policy for another year.
- Hiscox sent out key policy information to Mr C following the 2023 policy renewal. I am satisfied this information was sent to Mr C by Hiscox in the absence of any evidence to the contrary.
- The policy renewal information didn't include anything materially new, or any significant policy changes, from the previous policy year. This information included the policy terms, and the IPID, which I find made clear the unoccupancy condition in the winter months.
- I've not seen compelling evidence that demonstrates Mr C asked specific questions about the policy, or unoccupancy, nor was the unoccupancy condition during the winter months discussed, which is understandable given the time of year the renewal took place. As such, I don't find Hiscox was afforded the opportunity to provide Mr C with more information – outside of what it provided within the policy renewal information, which I find was clear, fair, and not misleading.

It follows I am satisfied Hiscox acted fairly during the 2023 renewal.

In relation to question two, the policy terms under section “Your home and personal possessions” says the following:

“What is not covered

We do not cover:

1. Loss of or damage caused by:

e. freezing of water in fixed tanks, apparatus and pipes while **your home** is not being lived in for more than 60 days in a row during the months of October through to April. This exclusion shall not apply if **your home** is constantly heated to a temperature of at least ten degrees centigrade during these months”.

I find this policy condition to be clear, fair, and not uncommon. I further find the answer to question two is “yes”. I say this for the following key reasons:

- A burst pipe in the roof space was the cause of damage during a cold spell in January 2024. While the heating was said to have been on during the winter period, I am not satisfied, on balance, it was. I say this because the utility bill Mr C provided shows the gas usage between December 2023 and January 2024 was nil. Had the heating been on, I’d expect to see some gas usage.
- Mr C appointed a representative to report on the damage. This said *“The classic cause of water leakage is through water freezing in a pipe, expanding to split the pipe and then escaping when the temperature thaws. I believe this to be the mechanism that caused this leak”*. Given the low temperatures, the heating more likely than not being off, the location of the pipe (within a restricted space – meaning impact or accidental damage is unlikely), I find the pipe more likely than not failed as the result of freezing temperatures.
- Mr C’s representative said, in July 2024, in their opinion, heating the property wouldn’t have prevented the leak because of the lack of insulation in the roof space and pipe made it vulnerable to frost damage. I am not persuaded by this based on what I set out in bullet point two. Pipes don’t ordinarily burst, and I find had the heating been on, it’s more likely than not the pipe wouldn’t have failed in the way it did.

It follows I am satisfied Hiscox’s decision on this claim was a fair and reasonable one, and not contrary to the evidence.

The customer service

I’ve also considered Hiscox’s handling of this claim overall. I find it ought to have handled matters much better at times, and with a more appropriate level of customer service, particularly given the circumstances Mr C was faced with, and the subsequent, devastating damage caused. Hiscox acknowledged its service failings, the time taken, at times, to progress matters, and communicate its decision. It paid Mr C £150 compensation in recognition of these. Overall, I find this amount to be fair, reasonable, and proportionate.

The cost of the insurance

Mr C wasn't happy with how much Hiscox charged for the insurance policy over the years. He said this aspect of the complaint was prompted, in brief, by Hiscox's claim decision, a lack of value for money, and the cost of this policy in comparison to his own, amongst other things.

Mr C said he didn't shop around during the 2023 renewal cycle due to his bereavement and the time-sensitive nature of renewing this policy. He also said the late Mr S wouldn't have shopped around as he was a loyal customer who expected a first-class service. And, particularly, in 2021 and 2022, he wouldn't have been able to shop around due to his health.

It's important I say it's not the role of this Service to regulate the insurance industry – we're not here to tell a firm what it should charge for an insurance policy. Rather, our role is to assess individual complaints and consider whether we're satisfied a customer has been treated fairly.

To do this, I've reviewed information Hiscox provided us in response to questions put to it by the Investigator. This information is commercially sensitive, and so I'm unable to share this with Mr C. But this includes information such as the claims history, the level of cover held, policy changes, changes in risk, and a policyholder's engagement, amongst other things.

Based on this, I am not satisfied Hiscox acted unfairly when pricing this policy. I've reached the same overall conclusions to that of the Investigator, for the same reasons. Hiscox has demonstrated the reasons why the price increased from 2015 following its system migration, which included factors I've mentioned above. It also explained why an alternative policy wasn't offered to the late Mr S nor Mr C, due to eligibility, and in any case, this would have resulted in a higher premium.

It's important I conclude by saying there is no right or wrong price for an insurance policy as the Investigator set out. While I appreciate why the cost of this insurance policy would have come as a surprise to Mr C, insurers will have different views on the risk presented to it, and different prices to reflect the same. That doesn't mean what Hiscox charged for this policy was wrong. It follows I don't find Hiscox increased the price of this policy just to take advantage of the late Mr S, or Mr C.

Summary

I recognise this has been an extremely distressing and upsetting time for Mr C, and I empathise with the circumstances he's been faced with. I also accept my decision isn't the one he was hoping for. But, for me to require Hiscox to take action, I must be satisfied it acted unfairly. And, for the reasons I've set out above, I'm currently not satisfied it has. It follows I don't intend to require Hiscox to take any action.

My provisional decision

I currently don't intend to uphold this complaint."

Responses to my provisional decision

Hiscox responded to say it accepted my provisional decision. Mr C, on behalf of the estate, said while my decision was disappointing, he didn't have anything further to add to this matter.

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 thank both parties for responding to my provisional decision. I note Mr C's disappointment, and I do empathise with the circumstances he's been faced with. But as Mr C had nothing further to add to this matter, I see no compelling reasons to deviate from the decision I provisionally set out on 1 April 2025. So, it follows I don't require Hiscox to take any action.

I acknowledge my decision will disappoint Mr C. But it ends what we – in attempting to informally resolve his dispute with Hiscox – can do for him.

My final decision

For the reasons set out above, I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr S to accept or reject my decision before 13 May 2025.

Liam Hickey
Ombudsman