

The complaint

Mrs M and Mrs M complain Wakam has unfairly declined a claim they've made on their buildings insurance policy following the failure of the septic tank at their property.

What happened

Wakam is the underwriter of this policy, i.e. it's the insurer. Part of this complaint concerns the actions of its agents for which Wakam has accepted responsibility. Any reference to Wakam includes the actions of its agents.

Mrs M and Mrs M are represented by a third party in bringing this complaint. For ease of reading I'll refer to Mrs M throughout this decision and when I do, this includes the actions of the other Mrs M and the third party.

The background to this complaint is well known to the parties and has been comprehensively detailed by our Investigator previously so I'm only providing a brief summary here.

- Mrs M owns a property insured under a buildings insurance policy underwritten by Wakam.
- Mrs M identified a foul smell from her drainage system and reported this to Wakam. It appointed agents to investigate the claim. The investigations revealed the septic tank had failed. Initially, in October 2023, Wakam declined the claim because it said the damage had happened gradually and due to wear and tear, both of which were excluded under the policy terms.
- Unhappy with this and the time taken to progress the claim, Mrs M complained to Wakam. Wakam issued a final response, maintaining its position on the claim but acknowledging delays and poor claims handling and awarding £200 compensation.
- Mrs M raised a complaint with this Service. Our Investigator noted that since the complaint was raised with us, Wakam had agreed to settle the claim in line with Mrs M's wishes. Having considered the evidence he said Wakam should pay for Mrs M's expert report and for the tank emptying/or jetting which had occurred from January 2023 to December 2023. And he awarded £500 for Wakam's poor claims handling.
- Both Mrs M and Wakam accepted the findings but sometime after, Mrs M got back in contact to say Wakam were yet to make settlement, and she asked for an Ombudsman's decision.

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 relevant industry rules and guidance say insurers must deal with claims promptly and fairly, support a policyholder to make a claim, and not unreasonably reject a claim. They should settle claims promptly once settlement terms are agreed.

Keeping in mind Wakam already agreed to accept our Investigator's recommendations about how the claim should be settled in February 2025, it seems there's no dispute about the circumstances of this complaint or the way it should be settled. The reasoning and rationale for his recommendations has been documented by our Investigator and I don't intend to repeat these in detail given Wakam's acceptance of what he said.

Mrs M's expert report

Mrs M obtained and paid for her own expert report to challenge Wakam's decline of the claim. This contributed to Wakam changing its stance on the claim which, as I've explained, it ultimately accepted. So I think Wakam should cover the cost of this invoice which I understand to be £216, together with interest at 8%, in line with our usual approach.

Delays and incurred costs

It's clear from my review of the file, progress on the claim was slow and little happened across 2023. This led to Mrs M having to pay for the septic tank to be emptied and jetted and I'm satisfied Wakam should cover the cost of this from January 2023 to December 2023, together with interest at 8%.

It took Wakam in the region of nine months to provide its decision on the claim. This resulted in Mrs M experiencing distress and inconvenience at the uncertainty of the situation and the need to obtain alternative expert opinion on the cause of the failure. Additionally, she experienced disruption in her laundry and washing facilities and pollution in her garden. I will be directing Wakam to pay Mrs M £500 to reflect this.

The claim settlement

While investigating this complaint, our Investigator noted in Wakam's claim notes it had agreed to settle this claim. He requested Wakam's confirmation of this and it indeed confirmed it had agreed to pay the claim in June 2024. I understand this, or at least parts of this, may still be outstanding. There seems to be no dispute about this being paid so there's no need for me to make a finding on this aspect of the claim.

If it hasn't already, Wakam should go ahead and settle the claim in line with this agreement.

My final decision

My final decision is that I uphold this complaint and direct Wakam to:

- Settle the claim as outlined within its agreement to do so in June 2024 if it hasn't done so already. For any sums still owed in relation to this it will need to pay 8% simple interest per annum* from the date it should've been paid in June 2024 until the date of payment, in line with our usual approach.
- Reimburse the cost of Mrs M and Mrs M's expert report (£216) and the cost of the

septic tank being emptied and jetted from January 2023 to December 2023 on provision of substantiating evidence from Mrs M and Mrs M. Pay interest at 8% simple per annum* on these amounts from when Mrs M And Mrs M paid the invoices until Wakam reimburses them.

- Pay Mrs M and Mrs M a total of £500 for the distress and inconvenience it caused, less the £200 it offered if it's already paid this by now.

Wakam must pay the compensation within 28 days of the date on which we tell it Mrs M and Mrs M accept my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mrs M to accept or reject my decision before 18 July 2025.

Paul Phillips
Ombudsman