DRN-5569886

The complaint

Mr and Mrs C are unhappy that esure Insurance Limited ("esure") recorded an enquiry about water damage as a loss on the insurance database.

Mr and Mrs C jointly held buildings and contents insurance underwritten by esure. For ease of reading, and because he brought the complaint, I'll refer to just Mr C throughout my decision.

What happened

The background to this complaint is well-known to both parties, so I've summarised what I think are the key events.

Mr C said that in May 2023, he phoned esure to ask for advice about water damage he'd noticed on his bathroom floor. esure appointed a surveyor to assess the damage and concluded that it was caused by water leaking through failed sealant and grout. Mr C said he didn't, and never intended to, make a claim under his policy.

Mr C is unhappy that esure recorded the assessment of the leak as a loss on the insurance central database, meaning he will have to declare the loss for the next five years when taking out a new policy. He also said his premium increased. Mr C said he was led to believe that once the assessment was done, he'd be able to decide at that point whether to make a claim. Mr C complained to esure that he was ill-advised and he wasn't told that a trivial matter would be seen as a loss. Therefore, he didn't think it was fair that esure recorded the assessment as a loss. Mr C asked esure to remove the record from the database. He said he was happy to pay for any surveyor costs esure incurred for the assessment.

On 3 July 2024, esure issued a final response to Mr C's complaint. It said that although the claim was declined, the intention to claim must still be recorded on the database so that other insurers would be aware of it. esure said there was an intention to claim because the surveyor appointment was accepted and Mr C sent supporting photos of the damage. esure said if the damage had been covered under the policy, it would've progressed to settlement. Therefore, esure didn't uphold Mr C's complaint.

When Mr C brought his complaint to us, our investigator didn't think esure had done anything wrong. She said Mr C had reported an incident to esure and it had recorded it on the database in line with its guidelines.

Mr C didn't agree. He said:

- Assumptions had been made that he would've made a claim, but he said his only intention was to seek advice.
- He knew the issue was small and that the excess would've been too much.
- He did not want to claim but he was under the impression that he could have a free assessment.
- If esure had communicated to him that it would be recorded as a loss he would never have contacted it.
- esure told him the damge would be assessed and clarified it wouldn't be recorded as a claim.
- Phone records should be checked to support this.

In line with our process, our investigator responded to Mr C's further points, but he wanted an ombudsman to respond. So the complaint was 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.

Having done so, I've decided not to uphold Mr and Mrs C's complaint. I'll explain why.

The Financial Conduct Authority's rules (ICOBS 8.1.1) say that insurers must handle claims promptly and fairly. Its principles say that firms must act in the best interests of their customers and treat them fairly. While I appreciate that Mr C said he didn't make a claim, I've reached my decision taking into consideration the regulator's principles, the evidence presented to me, industry guidelines and best practice, and the balance of probability.

I won't repeat everything that's already been said. Instead I'll focus on the key issue of complaint and Mr C's response to our investigator, and I'll refer to the evidence where I think it helps explain my decision.

Incident reporting

Mr C said he didn't make a claim, but he said he did phone esure to seek advice about a wet patch on his bathroom floor caused by a tiny amount of water leakage. He said he understood an assessment was something available to him.

The policy provides guidance on how to report a claim or an incident that could lead to a claim. I haven't seen anything in the policy documents to suggest that a free assessment is offered, and Mr C hasn't provided evidence of any such offer. I've noted his comment that if esure had told him the incident would be recorded as a loss he would never have contacted it. I find this statement somewhat odd, because he'd already contacted esure. Mr C also said esure reassured him that the assessment wouldn't be treated as a claim. The evidence suggests that all contact was online, and the copy of that communication does not give any indication that such reassurance was asked for or provided.

Mr C said the phone records should be checked. Mr C would've been in a position to provide evidence from his own phone records of the number he called.

In the absence of any supporting evidence, I see no reason to conclude that esure provided Mr C with misleading advice.

Database

The following information is set out on the Motor Insurance Database website:

> *CUE is a central database of motor, home and personal injury/industrial illness incidents reported to insurance companies which may or may not have given rise to a claim.*
>
> *By enabling insurers to access details of incidents, it makes it harder to successfully commit claims fraud or misrepresent claims history. Ultimately, this helps to keep down the cost of insurance for honest policyholders.*
>
> *Insurers are responsible for uploading information to CUE, and for making any necessary amendments or deletions to the database.*

I note that on pages 4 to 6 of the policy booklet, detail of esure's information sharing is included. I think it's reasonable to conclude from those pages that esure might share details of an incident reported to it with relevant industry bodies. And I consider that the Claims and Underwriting Exchange ("CUE"), the database to which Mr C refers, is such a relevant body.

The information set out above makes it clear that it is not just claims that are recorded on CUE. Therefore, whether or not Mr C was simply making an enquiry, he reported an incident which could've given rise to a claim. Therefore, esure recorded it on CUE in line with the guidance.

To be clear, this does not indicate that there was any dishonesty on Mr C's part. The record of genuine incidents and claims contributes to the overall aim of CUE.

Intention to make a claim

I understand from Mr C's submission that he never intended to make a claim, and he's unhappy with the assumption that he had. Whatever his intention, my decision must be based on whether esure's actions were fair and reasonable in the circumstances. esure treated Mr C's request for advice - or his enquiry - as a claim. Although Mr C said he called esure, the evidence shows that an online submission was made as follows:

> *"We have had blocked drains and when […] came out to fix it they noticed the toilet has been leaking. There is also damp behind the shower. So there has been ongoing leaking behind the shower tiles and under the tiles in the front of the toilet. The smell is horrendous. We have repaired the leak but the damp and horrendous smell remains."*

The submission appears to be details of the event rather than a request for advice. As esure provided a claim reference number, then arranged for a surveyor to visit to assess the "claim", I think that would've been the point at which Mr C could've confirmed he had no intention of making a claim.

esure provided a voice recording of the surveyor confirming his visit was to assess whether there was cover under the policy. A second person, who I assume to be Mrs C, confirmed that was the case. If Mr C hadn't intended to make a claim, there'd be no reason to assess whether the damage was covered under the policy.

On balance, I think that Mr C contacted esure to notify it of the water damage, and he accepted the surveyor's visit to determine whether the policy provided cover because, if

cover was available, he would likely have gone ahead with a claim. Otherwise, I can see no benefit in him contacting esure at all about the incident. Therefore, I think esure fairly and reasonably treated his contact as a claim.

Ongoing impact

Mr C complained that because esure recorded the details on CUE, his premiums have increased and he will need to declare a loss for five years.

As I haven't found that esure did anything wrong, I can't reasonably hold it responsible for any future premium increases or the requirement for Mr C to report the loss when buying a policy. He said he'd be affected for years, at one point mentioning five years. Not all insurers ask for this information and, for example, I note that esure asked for information about claims from just the previous three years. Even so, the fact is that Mr C suffered water damage and he notified esure. So it reasonably recorded the incident on CUE in line with the guidelines.

In summary, I wouldn't expect a policyholder to contact an insurer to assess damage in the home if there was no intention of making a claim. Here, Mr C was aware that there'd been a leak, and that there was damage caused by water coming from behind the shower tiles. So he was also aware that it would've needed repairing. If he'd never intended to claim, it's difficult to see why he didn't simply arrange the repairs which is what he said he would've done anyway had esure told him there wasn't a free assessment service available to him, or that it would record the loss on CUE.

Overall, I haven't seen anything in the evidence to indicate that esure did anything wrong in its handling of Mr C's report of water damage. I see no reason to require it to remove the record from the insurance database.

My final decision

For the reasons I've given, my final decision is that I don't uphold Mr and Mrs C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr C to accept or reject my decision before 19 September 2025.

Debra Vaughan
Ombudsman