

The complaint

Mr C has complained that U K Insurance Limited (UKI) unfairly declined a claim under his home insurance policy for damage caused by a water leak. He is also unhappy about the way his claim was handled.

What happened

Mr C said at the end of November 2023 he noticed an issue with the floor in his first-floor bathroom. He accepted a quote to replace the affected floor joist and install a new bathroom. After the contractor started work, they found dry rot in eight rooms of the property. Repairs were estimated to cost c £25,000.

In late January 2024 Mr C made a claim to UKI. He said the dry rot had been caused by a leak from a waste pipe in the second-floor bathroom and/or a leak from the shower tray in the first-floor bathroom. UKI sent a surveyor to inspect the damage in February 2023. They said there was no evidence that there had been a leak from the second-floor bathroom and even if there had been, there was no connection between such a leak and the dry rot. UKI declined the claim. It also said its position had been prejudiced by the fact that Mr C had had the works completed without its prior approval.

Mr C sent UKI a message from his plumber advising that he'd found a leak in the waste pipe in the second-floor bathroom. He said that the water had been leaking in this way for a long time.

UKI appointed a loss adjuster to give a second opinion. After a visit in mid-March they reported that according to Mr C the issue with dry rot might have been ongoing prior to him buying the property in 2013. They also referred to the fact that Mr C's timber specialist believed based on the thickness of the dry rot fibres that the issue had been ongoing for years. The timber specialist said on its website that the fungus causing dry rot grows between 0.5 to 3 metres a year.

UKI maintained its decision to decline the claim. It said the rot might have been present before the policy was taken out in January 2018 and also the policy excluded gradual damage. It said its position had been prejudiced by not being able to inspect the damage before repairs started.

Mr C referred his complaint to this service. Our Investigator upheld it in part. She didn't think UKI had treated Mr C unfairly in declining the claim. But she thought the delays and poor communication on UKI's part had caused additional stress and inconvenience for Mr C. She recommended that UKI should pay £200 compensation for that.

UKI accepted our Investigator's recommendation. Mr C agreed with the Investigator's recommendation regarding the compensation. But he didn't accept that his claim had been fairly declined. As Mr C remained unhappy, the matter has been referred to me.

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.

As both parties have accepted that compensation of £200 is appropriate for the way UKI handled the claim, I do not need to look further at that aspect of the complaint. But from what I have seen, I think it is a fair and reasonable sum in the circumstances and in line with what I would have awarded.

Most building and contents insurance policies will only cover damage caused by a specific listed event (also known as an 'insured event'). In this case the relevant insured event is an escape of water. The onus is on the consumer to show, on the balance of probabilities, that an insured event caused the damage they're claiming for. If they can't, then their claim won't succeed. So I need decide whether Mr C has shown that the damage was caused by an insured event.

There's no dispute that the property suffered from two water leaks. Nor is there a dispute that the property had a serious problem with dry rot.

However, there is a dispute about what caused the dry rot. Essentially UKI believes the dry rot must have been happening for many years rather than it having been caused by either of the two water leaks.

In 2024 Mr C's plumber said the damage had been caused by a leak from the waste pipe in the second-floor bathroom. He said:

"It was clear to me that the water had been leaking in this way for a long time. The owner said the damage to the property was first reported towards the end of November last year, and in my opinion the level of wetness and damp is consistent with that time frame, so in all likelihood this is when the push-in joint first became loose and started to leak."

In a report dated 10 January 2024 Mr C's timber specialist referred to the fact that there appeared to have been an earlier outbreak of dry rot. They said:

"During our inspection fungal decay was noted to the flooring timbers to the joists and floorboards visible from the bathroom and W.C areas and was noted to be dry rot fungus (Serpula lacrymans)."

It would appear that others have undertaken repairs in the past. However due to the nature of fungal decay, it can continue to flourish after the visual surface evidence has been removed. We are therefore unable to comment upon the effectiveness of such repairs.

It was not possible at the time of the survey to determine the cause of attack. However, it is important that you establish the source of moisture and have any faults rectified."

In a later report dated 9 April 2024 the timber specialist said the cause of the dry rot appeared to be due to:

"An historic plumbing leak from the second-floor built in shower tray causing the damage from a hidden push-fit waste pipe from the second-floor bathroom becoming loose and leaking down the back of a fixed cupboard allowing all the joists in the first-floor bathroom to take on board excessive moisture/water."

This being the epicentre of damage to the first-floor bathroom and spreading into adjacent rooms on this same floor level and permeating the floors and levels below."

In an email dated 6 September 2024 Mr C's timber specialist reported that:

"Previous remedial work was undertaken by previous owners however [timber specialist] reaffirm the position stated in our April 2024 report ... that the cause of the remedial work cannot be confirmed and cannot be attributed to dry rot as it could be from other causes."

I place more reliance on the opinion of the timber specialist than the plumber. That's because the plumber's opinion was not set out on headed paper with his contact details. I also think the dry rot would have been unlikely to have spread so far in the property if the leak had only started in November 2023. Also timber specialists are presumed to be more expert on dry rot than plumbers. However, there are some discrepancies in what the timber specialist says. On the one hand they say that the cause cannot be confirmed and on the other they say it was caused by a historic plumbing leak from the second-floor bathroom.

According to UKI's loss adjuster Mr C told them he thought the problem had been going on since before he bought the property in 2013 as there was evidence of a new joist having been installed in the worst affected area of the bathroom. Also the property had originally been put up for sale with an old bathroom, was then taken off the market and later remarketed with a new bathroom. Mr C has since been told that the joist must have been replaced before 1996 as the people who sold the house to him hadn't had that work done.

The evidence provided shows that the rot had affected timbers and walls of the first floor, ground floor and basement areas. Mr C told UKI that some of the dry rot strands appeared to the timber specialist to be "*years old*". I haven't seen any evidence that the escape of water ever reached the ground floor and basement which would have indicated this was more recent damage.

Where the evidence is unclear or inconsistent, as in this complaint, I have to decide what I think is most likely to have happened on a balance of probabilities. Because of the evidence suggesting that there might have been a problem with dry rot before the policy was taken out, the fact that according to Mr C's timber specialist dry rot spreads at a rate of between 0.5 and 3 metres a year and the extent of the area affected by dry rot, I don't think UKI treated Mr C unfairly in saying that the dry rot might well have predated the leaks and the start of his policy which doesn't cover pre-existing damage.

Nonetheless the leaks had been ongoing since the policy had started, so some damage would have been caused by them. The difficulty UKI had was in assessing the extent of this since the property had been stripped out and repairs were well underway by the time it was able to inspect it.

It was a condition of the policy that the insured should allow UKI or its suppliers to access or inspect damaged items and/or property. It went on to say:

"If you don't follow our claim conditions, and this negatively affects our position, we will reject your claim or be unable to deal with it, or we will not pay your claim in full."

I can understand why Mr C felt it was a matter of urgency to proceed with the repairs. But it seems clear to me that this deprived UKI of the opportunity to identify the extent of the damage caused by the leaks as opposed to the dry rot infestation. As a consequence, I don't think UKI treated Mr C unfairly in saying that its position had been prejudiced and it was unable to deal with deal with this part of the claim.

My final decision

For the reasons set out above, I uphold this complaint in part and require U K Insurance Limited to pay Mr C £200 compensation for the trouble and upset it caused him by its poor claims handling.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 14 July 2025.

Elizabeth Grant
Ombudsman