

The complaint

Mr T complains about the way Accredited Insurance (Europe) Ltd recorded a claim on his home buildings insurance policy.

Where I refer to Accredited, this includes its agents and claims handlers acting on its behalf.

What happened

Mr T contacted Accredited saying water had entered his property during a period of heavy rainfall and he wanted to log a claim due to potential water damage.

Accredited arranged an inspection but the outcome of this was that, although water had entered his home, it had not caused damage that would be covered by the policy.

When Mr T came to renew his policy there was quite a large increase in the premium. He then complained that he had been told this was due to the record of flooding at his home and asked Accredited why it had recorded that there had been an incident of flooding.

Accredited said Mr T had made a claim, which he had listed as flooding, and that record couldn't be changed.

Mr T referred the complaint to this Service. He said Accredited had recorded the incident as flooding using a definition that was not the same as the definition set out in the policy terms. He says this is unfair as Accredited can't define what it actually means by "flooding". He also said Accredited later tried to change its justification.

Our investigator didn't think the complaint should be upheld. They said that, given the circumstances of what happened, it was fair to record the claim as flooding.

After Mr T disagreed and provided further comments, another investigator considered the claim but also thought it was fair to categorise the incident as flooding. Mr T disagrees and has requested 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.

Mr T has provided extensive comments and set out the questions he says need to be answered in order to make a decision on his complaint. I've considered everything he has said but won't comment on everything in detail.

We were set up to provide an informal alternative dispute resolution service and our role is to provide an impartial review, quickly and with minimal formality. I use my judgement to decide what's fair, based on the main crux of a case, and I will focus on the key points that are relevant to the outcome I've reached.

The crux of the complaint is whether it's fair and reasonable for Accredited to record the claim against the flood peril and I consider it was, for the following reasons.

The policy only provides cover for the insured perils set out in the policy terms. The relevant peril in this case is flooding. This is set out in the policy as follows:

"We will cover loss or damage caused by flood.

A flood is a substantial and abnormal build-up of water from an external source. It does not include water which has escaped from pipes, tanks and other fixed water apparatus at your property."

Mr T says there are two points that need to be assessed: whether the policy term was fair and, if it was fair, whether it was enforceable. He's referred to relevant law about unfair terms. He also says

- Accredited's definition of flooding is unfair as it can't define what it means and because of this, it captures all water build-up as flooding.
- The definition used doesn't accurately cover the incident at his property. It was not a substantial and abnormal build-up of water.

The Consumer Rights Act (and accompanying guidance) sets out what could make a contract term unfair – essentially where a term creates a significant imbalance in the rights of the parties to the detriment of the consumer. But the Act also identifies the need to take into account the subject matter of the contract, all the circumstances existing when the term was agreed and all the other terms of the contract. And my role is to decide what's fair and reasonable taking account of all the circumstances including, but not limited to, any relevant law. I also need to bear in mind the general approach to interpreting policy terms, where the following principles generally apply:

- the words of the policy must be given their ordinary meaning and reflect the intention of the parties and the commercial sense of the agreement;
- a literal construction that leads to an absurd result or one obviously contrary to the parties' intention should be rejected, if an alternative more reasonable construction can be adopted;
- where there's ambiguity, the construction which is more favourable to the insured should be adopted.

The policy does not define the words "*substantial and abnormal*". So the starting point is to give the words their ordinary meaning. I've considered the dictionary definitions of these words and I'm satisfied a reasonable definition of "*substantial*" would be "*something of a large amount, value or importance*" and a reasonable definition of "*abnormal*" would be "*different from what is normal or usual, typically in a way that is bad or undesirable*".

Following the inspection of Mr T's home, a report was provided which said water had spread over a couple of square metres. The report said it was likely the water entered the property as result of pooling rainwater building up and then coming through the pointing or down the back of the slate and through stonework. It was later said there was a problem with an outside drain, which overflowed following very heavy rain.

I'm satisfied it was reasonable to consider this to be a substantial and abnormal amount of water, which would not normally be expected inside a house. It was not a normal occurrence to have a pool of water in the kitchen, and the amount of water clearly concerned Mr T – the fact he wanted to make a claim on his insurance supports that. I don't think there is anything ambiguous about interpreting the policy term in this way, nor would this lead to an absurd result.

For these reasons, I think it was fair for Accredited to record this as a flooding incident.

Mr T also says Accredited changed the explanation it gave. He says its response to his complaint was an attempt to re-write the decision and add additional points that had not been discussed previously. While we can't investigate a complaint about complaints handling in isolation, this was a continuation of the unresolved issue, being part of the way Accredited dealt with Mr T's concerns about the insurance claim. It was simply a further attempt by Accredited to explain its position regarding how the policy worked, and the approach it had taken when recording his claim. I think it was reasonable to do that.

I appreciate Mr T feels very strongly that Accredited should not have recorded this as a flood but, for the reasons set out above, I think that was reasonable in the circumstances of this case.

My final decision

My decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 7 July 2025.

Peter Whiteley
Ombudsman