

The complaint

Mr and Mrs M are complaining Tesco Underwriting Limited declined a claim they made against their buildings insurance policy.

Mr and Mrs M have been represented by another party throughout the claim and complaint. But for ease of reference I shall refer to anything he's said as being said by Mr and Mrs M.

What happened

In April 2023 Mr and Mrs M contacted Tesco as they said their underground sewage pipe was blocked. It became apparent the Sewage Treatment Plant ('STP') had collapsed. Tesco arranged for a number of contractors to attend who all concluded it was likely to have failed due to gradual damage – in particular owing to corrosion.

Mr and Mrs M disputed Tesco's decision and said it hadn't provided anything to show it had failed due to gradual damage. So they referred their complaint to this Service.

I issued a provisional decision upholding this complaint and I said the following:

"I should first set out that I acknowledge I've summarised Mr and Mrs M's complaint in a lot less detail than they've presented it. Mr and Mrs M has raised a number of reasons about why they're unhappy with the way Tesco has handled this matter. I've not commented on each and every point they've raised. Instead I've focussed on what I consider to be the key points I need to think about. I don't mean any discourtesy about this, but it simply reflects the informal nature of this Service. I assure Mr and Mrs M and Tesco, however, that I have read and considered everything they've provided.

Mr and Mrs M have claimed for damage to their STP and are claiming under their accidental damage cover under the policy. Tesco has highlighted the policy doesn't cover loss or damage that's happened gradually. All parties accept the policy says as such, but Mr and Mrs M dispute the damage has happened gradually.

In the first instance it's for Mr and Mrs M to show the damage arises from an insured peril – i.e. accidental damage in this case. If they are able to do as such, it's then for Tesco to show an exclusion clause applies.

The policy defines "accidental damage" as "Sudden, unexpected physical damage which has not been caused deliberately". Tesco's appointed contractor has said the STP has collapsed internally and it seems this is what's caused the issues. I don't think it's unreasonable to say something collapsing is a sudden event. And I haven't seen anything to show Mr and Mrs M weren't on notice this could happen. So I think it's most likely that the damage to the STP falls within the definition of Accidental Damage.

I've now thought about whether Tesco has done enough to show the damage happened gradually. But I don't think it has. I've considered the report Tesco has provided where they say "This is a common occurrence with this particular unit due to the metal boxed section that holds/elevates the internal components having corroded and snapped."

While I note the contractor's comments, I don't think I've seen anything to support this happened in Mr and Mrs M's specific case. I say this because I've reviewed the photographs provided to support this, but I don't think this shows corrosion was the proximate cause of the damage.

Tesco has highlighted that the statements Mr and Mrs M have recently provided are made two years after the event and not based on an inspection of the property. So it believes they are largely conjecture. While I don't disagree with Tesco's comments here, they do provide an alternative possibility of the cause of damage, which I think is equally plausible. And, as I said, Tesco hasn't provided anything to support its contractor's findings either.

Ultimately I don't think I can fairly conclude Tesco has provided enough to support its assertions the damage has happened due to gradual wear and tear. I think it was unfair for it to decline Mr and Mrs M's claim. Therefore, it follows it should cover the claim – including refunding any costs Mr and Mrs M have incurred in either repairing the STP or completing a temporary fix.

I also think the decline of the claim and subsequent to resolve the matter will inevitably have caused them an amount of distress and inconvenience. So I intend to also require Tesco to pay them £250 in compensation.”

Mr and Mrs M accepted my provisional decision. Tesco responded to say it didn't have any further comments to make.

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 neither party has provided anything more for me to think about I see no reason to reach a different conclusion to the one I reached in my provisional decision. So I uphold this complaint for the reasons I set out in my provisional decision.

My final decision

For the reasons I set out above it's my final decision that I uphold this complaint and I require Tesco Underwriting Limited to do the following to put things right:

1. Settle Mr and Mrs M's claim in line with the terms of the policy;
2. If Mr and Mrs M have incurred costs in carrying out temporary or permanent repairs then Tesco should refund this. It should add 8% simple interest per year from when they paid it until they get them back. If Tesco thinks that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell them how much it's taken off. It should also give them a tax deduction certificate if they ask for one, so they can reclaim the tax if appropriate.
3. Pay Mr and Mrs M £250 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs M to accept or reject my decision before 10 July 2025.

Guy Mitchell

Ombudsman