

The complaint

Mr C has complained that Ageas Insurance Limited (“Ageas”) has unfairly declined a claim he made under his Property Owners Policy.

What happened

Mr C owns a rental property and holds a Property Owners Policy with Ageas. In January 2022, Mr C reported damage following storm conditions, when there was an ingress of water due to the failure of the roof.

Ageas considered the claim but declined to cover the external damage on the basis that the roof's failure wasn't a result of the storm itself or any other insured peril, but due to its poor state of repair and lack of maintenance. It agreed to cover the internal damage caused by the water ingress, under the accidental damage section of the policy.

Mr C complained. He said the flat had still not dried out even after the roof had been repaired, so he believed the cause of the damage to be a leaking pipe. He also said Ageas had failed to guide him through the claims process, that there had been an absence of adequate investigations as a trace and access hadn't been carried out to provide a definite diagnosis of the water in his flat, and that Ageas had unreasonably declined the claim including a claim for loss of rent.

Mr C added that if Ageas had carried out a trace and access, it would've identified that the damage wasn't related to the roof. He said he'd waited two years for the roof to be repaired only to find that it didn't resolve the issue. He also complained that Ageas had delayed a payment in relation to the claim by several weeks.

In its response Ageas said the roof had shown signs of leaking for around 4-5 years prior to the claim. It said the storm only highlighted the poor condition of the roof and that the policy specifically excluded damage of this nature. It said, in relation to the loss of rent claim, that the tenant had remained in the property until 4 June 2023 at which point they moved out as a result of the property's condition, so the loss of rent claim therefore arose out of the tenant's frustration with the time repairs were taking, not due to the insured event itself.

Mr C disagreed and referred his complaint to this service. He said the council had deemed his property not fit for habitation due to its condition and that his tenant had two young children. He said there had been media coverage of a case involving infant fatality due to mould and damp exposure in a home and the tenant could not take such risks with her family and had to vacate to protect them.

Our Investigator considered the complaint and said she didn't think Ageas had treated Mr C fairly. She said it should cover his loss of rent and his trace and access costs. Ageas didn't accept our Investigator's recommendations. It said, among other things, that while the leak had been evidenced, there was insufficient evidence of how much of the damage was related to the leak.

It also said that the actual trace and access costs hadn't been evidenced, and for loss of rent

to be considered there would need to be evidence of an actual loss due to an insured peril. It also expressed concerns over the figures Mr C had given for loss of rent.

Because an agreement couldn't be reached, the complaint has now come to me 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.

As this is an informal service, I'm not going to respond here to every point raised or comment on every piece of evidence Mr C and Ageas have provided. Instead, I've focused on those I consider to be key or central to the issue. But I would like to reassure both parties that I have considered everything submitted. And having done so, I'm upholding this complaint. I'll explain why.

The insurance industry regulator, the Financial Conduct Authority (FCA), has set out rules and guidance about how insurers should handle claims. These are contained in the 'Insurance: Conduct of Business Sourcebook' (ICOBS). ICOBS 8.1 says an insurer must handle claims promptly and fairly; provide reasonable guidance to help a policyholder make a claim and give appropriate information on its progress; and not unreasonably reject a claim. It should also settle claims promptly once settlement terms are agreed. I've kept this in mind while considering this complaint together with what I consider to be fair and reasonable in all the circumstances.

Ageas initially thought the damage to Mr C's flat had been caused by the roof. I can see why it reached this conclusion, as the claim had originated from another flat, and its owners had told Ageas's loss adjuster that the roof was the cause. Ageas says it had no reason to doubt this at the time. The evidence I've seen shows that the loss adjuster accepted this, but I think Ageas made a mistake here when it didn't investigate further – for example after Mr C raised concerns and said he wanted further investigations done. Ageas could've either allowed him to have his own contractor carry out a trace and access or it could've carried out a trace and access itself to determine whether the cause was indeed the roof or whether something else could have caused the water ingress into the property.

Mr C waited for the roof to be repaired, based on what Ageas had concluded, but this didn't appear to resolve the issue with his property. So he arranged for a trace and access to be carried out, which revealed that there was a leaking pipe. This was repaired, which resolved the problem. It's clear therefore that if the trace and access had been carried out by Ageas in the first place, then Mr C wouldn't have had to wait for the roof to be repaired before taking remedial action – and this wouldn't have resulted in his tenant having to leave the property.

Mr C's tenant gave notice on 23 February 2023 that she would be vacating the property due to the damp conditions. I've checked the policy terms and can see that the policy provides cover for loss of rent and says the following:

"We will pay for loss of rent receivable as a result of accidental damage occurring during the period of insurance to insured property at the premises by any of the cover causes shown against this sub-section on the schedule."

I'm satisfied, from the information and evidence I've seen, that Mr C's loss is covered by the policy, as the loss in rental income was a direct result of the accidental damage which occurred during the relevant period and it was caused by one of the perils listed on the schedule, namely *"Escape of water from any water, drainage or heating system"*.

Mr C's policy also provides cover for trace and access. Ageas has said that while the policy does provide this cover, it's for the policyholder to appoint their own contractor and evidence that the leak has occurred and that trace and access costs have been incurred. I appreciate this point – however under ICOBS Ageas had a duty to provide Mr C with reasonable guidance. Mr C – a layperson – wasn't aware that the cause of the damage wasn't his roof, as the loss adjuster had made it seem as though there wasn't any doubt about this.

So, I think Ageas should've at the very least communicated to Mr C that it was possible there was another cause – particularly when Mr C raised concerns about this. And it should've advised him at the time that his reasonable costs in tracing and accessing any source of the escape of water would be covered. This would've prompted Mr C to appoint his contractor much sooner than he did.

Ageas has said that neither Mr C nor his managing agents communicated concerns that would suggest the damage was due to any other cause, or a belief that there was an ongoing escape of water affecting the flat. However, it's clear from the information Mr C has provided, that he was at times seeking guidance from the loss adjuster about these very issues – guidance which seemingly wasn't provided. It's also clear that the roof repairs took longer than they should've – which directly impacted the condition of Mr C's flat as he had not taken steps to remedy the leak until he was made aware of it by his own contractor.

I appreciate the points Ageas has made, but I'm persuaded by Mr C's testimony that he didn't pursue the issue of a trace and access due to the loss adjuster's satisfaction that the roof was the cause of the damage. I also don't agree with Ageas's assertion that a loss of rent claim was never presented to it, and that it hasn't had an opportunity to consider the issue. Ageas's own final response letter dated 24 July 2024 refers to its declinature of the loss of rent claim, so I'm satisfied it's had an opportunity to consider the matter and request the relevant evidence from Mr C. It said the loss of rent claim had arisen out of the tenant's frustration and not the insured event, but this isn't correct. I'm satisfied the tenant's frustration was due to the condition of the property – which was a direct result of the insured event, and as a result of the internal damage Ageas agreed to cover under the accidental damage section of the policy. I'm persuaded that the condition of the property worsened as the leak took too long to identify and repair.

So I'll require Ageas to put things right for Mr C by covering his loss in rental income and his trace and access costs, together with interest on those sums. Mr C has provided evidence to show how much rent he was receiving before his tenant moved out, so I'm satisfied the figure of £900 per month is correct.

I'm satisfied Ageas's offer of £100 for delays is fair and reasonable in the circumstances, so I won't be increasing the amount due for distress and inconvenience.

Putting things right

Ageas Insurance Limited should:

- Pay Mr C's loss of rent claim, from 4 June 2023 until 6 November 2023 at a rate of £900 per month, plus 8% simple interest per annum from the date the loss of rent claim was first declined until the date of settlement.
- Reimburse Mr C's trace and access costs provided he can give Ageas a breakdown of how much the trace and access element of the work actually cost, plus 8% simple interest per annum from the date Mr C paid the invoice until the date of settlement.

My final decision

My final decision is that I uphold this complaint and I direct Ageas Insurance Limited to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 7 September 2025.

Ifrah Malik
Ombudsman