

The complaint

Mr C has complained about Advantage Insurance Company Limited's decision to reject a claim he made for an escape of water (EOW) under his home insurance policy.

All reference to the insurer Advantage in my decision includes its agents.

What happened

Mr C bought a home insurance policy with Advantage which started on 1 January 2025. Mr C didn't realise he had a home insurance policy with another insurer, which began in June 2024. I'll refer to that insurer as Insurer B.

In February 2025 Mr C discovered water damage to his home from a leak underneath the bath. Damage had spread to an adjoining bedroom. When Mr C contacted Advantage to report the damage, it was at this time that he realised he had dual cover.

Advantage rejected Mr C's claim. It said the damage had been gradual and occurred before its policy started.

Mr C contacted Insurer B. Insurer B accepted Mr C's claim and settled it by paying 50% of the settlement value by way of a cash sum.

Mr C complained to Advantage, but it didn't uphold his complaint. So Mr C asked us to look at his complaint about Advantage's decision to reject his claim.

One of our Investigators found Advantage hadn't shown its decision to reject the claim was reasonable. And he said as the first insurer Mr C approached, Advantage should have settled Mr C's claim in full, and then looked to recover 50% of the claim costs from the dual insurer, Insurer B.

The Investigator recommended Advantage do the following:

- Meet Mr C's claim in full, minus the excess and minus the settlement Insurer B had paid him.
- Pay interest on the sum at a rate of 8% simple interest from one month from the date of the claim to the date Advantage pays.
- Pay Mr C £150 compensation for the distress and inconvenience caused.

Mr C accepted the Investigator's findings. Advantage didn't agree and provided new detailed commentary from an in-house surveyor.

On review, the Investigator found the commentary was not sufficient to change his mind. In summary, he found the Surveyor referred to the damage as occurring a couple of months before, but also at least a couple of months before, and up to four months before the start date of the policy. The Investigator found that the damaged areas which the Surveyor said should have been noticeable to Mr C, were behind a bath panel and behind furniture in the adjoining bedroom. So the Investigator thought on balance that the damage would not have

been visible to Mr C before he contacted Advantage.

So the Investigator maintained his view.

Advantage didn't respond, so the case has been 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.

Where a customer is dual insured, it is industry practice for the first insurer contacted (Advantage) to deal with the claim in full. Advantage should then look to recover 50% of the claim costs from Insurer B.

But in this case Advantage rejected Mr C's claim. So Mr C contacted Insurer B. Insurer B accepted and settled Mr C's claim by paying him a cash sum of 50% of the settlement costs minus the excess payable under their policy.

When Advantage considered Mr C's claim, it said the Surveyor carried out a video call. But it doesn't have a record of this call. Its claim notes are very limited and so – prior to the additional commentary provided after the Investigator's first view – I don't find there was sufficient information to show Advantage properly investigated the claim.

The in-house Surveyor refers to key photos of the damage provided by the Surveyor. They are dated 26 February 2025, so eight weeks from the start date of the policy. Mr C reported the damage on 18 February 2025, seven weeks from the start of the policy, and provided photos on 19 February 2025 of the damage.

The in-house Surveyor says that a photo of the floor underneath the bath, after the bath panel has been removed, shows that the water would have initially soaked into the floor, and then travelled up the wall. They say mould is showing and that this presentation would have taken a minimum of two months to form.

The Surveyor moves onto a photo taken of the floor of the adjoining room. This shows the carpet has been lifted back to reveal water damage. The Surveyor says the carpet gripper shows mould damage to it and that the damage would have clearly needed a timeframe of a couple of months to establish.

The Surveyor moves onto a further photo showing signs of water damage to a piece of furniture in the bedroom which is against the adjoining wall. The water damage is from the floor upwards. The Surveyor reported that this damage suggests an elongated timeline of at least three months in order to allow the water to soak up the wall enough to establish a damage pattern like this. The Surveyor went on to estimate at least four months for any damage like this to be present after an EOW.

I've looked at all of the photos provided. I don't think the damage from the bathroom would have been evident to Mr C before discovery, because the bath panel was concealing the pipes where the leak originated from. The adjoining bedroom had a piece of furniture against the adjoining wall – and where the carpet was lifted to identify water damage, there is an evident indent where a shoe box – which is also in the photo – appears to be of the same size and was positioned on the carpet against the adjoining wall. So I don't think it was visible to Mr C that there was water damage before he reported it to Advantage.

Where we find the damage could not have been visible to the customer before discovery, we

do not think it is fair for an insurer to reject a claim for an EOW.

In any event, I don't find the in-house Surveyor's comments to be persuasive. The dates of when the damage may have started are not precise enough to reasonably prove that the damage occurred before the policy started. In my experience, I understand mould can occur sooner or later than two months, depending on other factors such as the environmental conditions of where the damage occurred.

So I don't think Advantage's decision to reject Mr C's claim was reasonable.

In response to Insurer B's actions, Advantage says the fact Insurer B paid 50% of the claim costs shows it accepted partial liability for the claim and believes the damage occurred before Advantage's policy started.

However, Advantage has not made contact with Insurer B. So Advantage hasn't provided evidence to support what it believes to be Insurer B's position on the claim or its rationale.

Insurer B was the second insurer Mr C approached about his claim. My decision is about the actions of Advantage. I don't find what Advantage has said about Insurer B's actions to be persuasive. I think if Insurer B found the damage had occurred before the start date of Advantage's policy, it would have paid Mr C's claim in full as the sole insurer for the insured event. But it settled the claim at 50%, while Mr C was dually insured. It therefore makes sense that Insurer B most likely did this because of what they would have normally paid in a dual cover scenario.

I've kept in mind that under industry rules, a firm must act to deliver good outcomes for retail customers. In this case, I don't find Advantage has. So I agree with the Investigator's recommendations to put things right and I am upholding this complaint.

I think Advantage caused Mr C unnecessary and avoidable distress and inconvenience by rejecting his claim. For this I think it should pay Mr C £150 compensation. This is in line with awards we give in similar circumstances.

Where we award a backdated settlement sum with interest, we use the date as one month from the date of the claim as we think generally this is a reasonable timeframe for an insurer to have made a settlement in a straight forward claim case.

My final decision

My final decision is that I uphold this complaint. I require Advantage Insurance Company Limited to do the following:

- Pay the full claim cost of £2,262.77 less the policy excess and the £781.39 Insurer B paid.
- Pay 8% simple interest on the sum from 18 March 2025 – one month from the date of the claim – to the date of payment at a rate of 8% simple interest a year.
- Pay Mr C £150 for distress and inconvenience caused.

Advantage Insurance Company Limited must pay the compensation within 28 days of the date on which we tell it Mr C accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

If Advantage Insurance Company Limited considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr C how much it's taken off.

It should also give Mr C a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 15 September 2025.

Geraldine Newbold
Ombudsman