

The complaint

P, a limited company, complains that AXA Insurance UK Plc (“AXA”) unfairly declined an escape of water claim it made under its property insurance policy.

Mr A, a director of P, brings the complaint on P’s behalf. P is also professionally represented in this complaint by the company that manages the block. But for ease of reading, I have just referred to P and AXA as being involved in the activities of this complaint.

What happened

P held a property insurance policy underwritten by AXA for a block of flats. It notified AXA of a claim in August 2024 whereby a number of flats had suffered damage due to an escape of water. The claim consisted of damage to carpets, walls, and ceilings across several flats in the block. AXA considered the claim but ultimately declined cover. They said a drainage report submitted by P showed there was an issue with the drains that P was aware of, however repair works weren’t undertaken. And so, the damage being claimed for had gradually worsened. AXA said the policy terms excluded any damage due to wear and tear.

P remained unhappy with AXA’s decline of the claim, so it raised a complaint. AXA issued a response in which they maintained their decline of the claim, So, P brought the complaint to this Service. An Investigator looked at what had happened but didn’t think AXA had unfairly declined the claim. She said the evidence demonstrated there was a known issue with the drains in January 2024, and a number of leaseholders were experiencing issues. And she also said there was an earlier drain report from May 2023 which said that repairs to the drains and pipes should be carried out. The Investigator concluded AXA’s view, that the damage was as a result of gradual deterioration and wear and tear, was persuasive. And she felt AXA had fairly relied on a policy exclusion to decline the claim.

P didn’t accept the Investigator’s conclusions and asked for an Ombudsman to consider the complaint – so, it’s 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.

I want to start by acknowledging that I’ve intentionally summarised P’s complaint in a lot less detail than it’s been presented. Instead, I’ve focussed on what I consider to be the key points that I need to think about in order to reach a fair and reasonable conclusion. This reflects the informal nature of this Service and our key function; to resolve disputes quickly, and with minimum formality. However, I want to assure both parties I’ve read and considered everything provided.

I’ve considered the available evidence to decide whether AXA acted fairly and in line with the policy terms. The cover provided by P’s policy includes escape of water as an insured event. And I’m satisfied the evidence shows the damage being claimed for was caused by escape of water. But AXA’s position is that damage was the result of an underlying issue with the

pipes and drains in the block which was known about for a considerable amount of time. And as the damage claimed for worsened over time, this would be excluded from cover.

In relation to the underlying cause of the damage, I've considered the drainage report provided as part of this complaint, and I can see there was an issue with a rat infestation in 2023, which P says it resolved. But the report stated that repairs to the drains were required as there were cracks in the joints of the pipes and root ingress. These repairs were not carried out, and P appears to have believed the issue would resolve itself. P did not make a claim for the damage to the pipes themselves, but in relation to the subsequent water damage, AXA relied on a policy exclusion, which said they would not pay for "*damage due to any wear and tear, delay, loss of market, strikes, reduction in value or consequential loss*".

AXA's claim notes record they were told by a contractor who attended the property that leaseholders in the block had been experiencing issues for over a year, with water leaks noted from the boxing for the drainage system. And they had also advised of water backing up to the kitchen sinks from January. The contractor also recorded that another leaseholder said water had come through the ceiling in their flat in May and June of that year.

The basic premise of insurance is that it provides cover for damage caused by one-off fortuitous events. But taken in the round, I'm persuaded the available evidence demonstrates the damage being claimed for was the result of something that had been ongoing for a period of time instead. The drainage report identified defects, and P was aware of these issues but chose not to undertake the repairs. There were also numerous issues reported by the leaseholders of the block.

Taking all the above into account, I think AXA's view is persuasive that the damage was caused by a known issue that hadn't been addressed for a substantial period of time, resulting in gradual deterioration. In these circumstances, I'm satisfied that AXA's conclusion that the claim would be excluded from cover was a reasonable one to reach. And it therefore follows that I think AXA's decision to decline the claim was fair.

I understand that this won't be the outcome that P was hoping for, but on balance, I'm satisfied AXA's decision was fair and consistent with the policy terms.

My final decision

For the reasons I've set out above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask P to accept or reject my decision before 11 November 2025.

Stephen Howard
Ombudsman