

The complaint

Ms D has complained that Liberty Mutual Insurance Europe SE (“Liberty”) unfairly declined a claim following an escape of water.

What happened

In November 2024, Ms D made a claim for damage to her kitchen ceiling, following an escape of water.

Loss adjusters were appointed and were advised that water was escaping from the bathroom shower waste pipe of the flat above. Ms D was asked for photos evidencing the damage and she provided an image showing a close up of an area next to a kitchen ceiling light fitting, in which the ceiling had cracks and other signs of damage.

Ms D then provided an estimate for ceiling repairs and Liberty discussed the estimate with the contractor, who advised that the ceiling was near the point of collapse and needed to be replaced.

Photos were later presented to Liberty, but it considered these showed that the ceiling had been redecorated and not replaced as claimed. Given Liberty’s concerns, the property was then inspected by a senior adjuster. From those investigations, the senior adjuster expressed further doubts as to whether the ceiling had been replaced. So Liberty concluded that the works outlined in the invoice produced in support of the claim likely hadn’t been carried out. Liberty therefore treated the claim as a fraudulent one and declined the claim on that basis.

Ms D made a complaint. She said the photo evidence clearly demonstrated that substantial works had been carried out. And that she wasn’t present when the ceiling was replaced but her lodger was. In response to her complaint, Liberty maintained its position to repudiate the claim. So Ms D referred the complaint to the Financial Ombudsman Service.

Our Investigator considered the complaint and following our involvement, Liberty offered to perform a test on the ceiling which would indicate the composition and age of the materials used in its construction. Our Investigator considered the offer from Liberty fair and reasonable, as there was a dispute about whether the ceiling had been replaced and the test would likely shed more light on the issue. But Ms D didn’t accept our Investigator’s recommendations. She said Liberty had handled the claim negligently and this had caused her considerable stress.

As an agreement couldn’t be reached, the complaint was referred 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 Ms D and Liberty have provided. Instead, I've focused on those I consider to be key or central to the issue in dispute. But I would like to reassure both parties that I have considered everything submitted. And having done so, I'm upholding this complaint as I consider Liberty's offer to be fair and reasonable in the circumstances. 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. I've kept this in mind while considering this complaint together with what I consider to be fair and reasonable in all the circumstances.

The issue in this case is that all the investigations Liberty has carried out have indicated that the ceiling was not repaired to the extent that the contractor's invoice suggested. I've seen the report following the senior adjuster's visit and I'm satisfied that the claim wasn't declined unreasonably. This is because the report says:

"I noted the ceiling was undulating quite significantly and not level...The ceiling exhibited some evidence of redecoration where there was white or eggshell paint marks on wall junctions and joinery...My initial conclusion was therefore the ceiling did not present as having been installed recently i.e within the last 5 years at least and likely some time previously. Some decoration may have occurred but again this appeared to have been poorly executed and not recent."

Whilst the report doesn't conclude with certainty that the work outlined in the invoice wasn't carried out, Ms D also hasn't been able to provide evidence to persuade me that it was. And I think based on the available evidence, namely the detailed reports provided by Liberty's assessors, it was fair for Liberty to raise the concerns it did.

Ms D provided an asbestos test report, which she says she was told could determine the age of the ceiling, but this didn't confirm anything other than the fact that no asbestos was found. Our Investigator checked this with the provider of the report, and the company which performed the asbestos test confirmed that it didn't look into the composition of the ceiling and the report doesn't comment on the age of the ceiling either. So it's possible Ms D was misadvised about this. She says the core test isn't recognised in the industry, but she's provided no evidence of this. The emails from the asbestos company only show that the term "core test" isn't used in the asbestos testing industry. I've therefore no reason to doubt that the test offered by Liberty is appropriate.

As Liberty has offered to carry out a test which should shed more light on the issue of whether the ceiling was recently replaced, I think this is a reasonable way forward for both parties. If Ms D would like her claim to be reconsidered by Liberty, then she'll need to allow Liberty to perform the ceiling sample test. Both parties can then consider the results of those tests and discuss matters further.

Ms D has mentioned further leaks but I've not considered these as part of this decision as it's not possible to comment without knowing if the ceiling was replaced. If there's any disagreement following the ceiling sample test, and Ms D remains dissatisfied with the service she receives from Liberty going forward, then Ms D will be able to make a new complaint to Liberty.

Putting things right

Liberty should perform the test it's offered to carry out, if Ms D agrees to it doing so.

My final decision

My final decision is that I uphold this complaint and I direct Liberty Mutual Insurance Europe SE to put things right as I've set out above, if Ms D agrees to let it carry out the test.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 18 January 2026.

Ifrah Malik
Ombudsman