

The complaint

Mrs F has complained that Society of Lloyd's ("SOL") unfairly declined her claims for damage to her property.

What happened

The circumstances of Mrs F's complaint are well known to both parties, so I won't repeat them in full here. In summary, Mrs F moved into a new development in 2021 which had been converted into homes and which benefited from a warranty underwritten by SOL.

In May 2022, the roof of Mrs F's property started leaking after heavy rainfall and this caused water ingress into the property.

Mrs F made a claim under her the warranty, and whilst one part of the claim relating to a window was accepted, the rest of the roof claim was declined by SOL on the basis that there was no damage caused by a defect. Mrs F contacted the developer which organised temporary remediation works, but this didn't resolve the issue and water continued to come into the property.

In October 2023 Mrs F noticed a sudden influx of raw sewage ingress through her shower when she flushed her toilet. She contacted her home emergency cover provider and an engineer was sent out to her, but was unable to resolve the problem. The engineer confirmed that due to the high levels of raw sewage in the bathroom the property had become a bio hazard and the property was immediately evacuated due to the significant potential health risks this posed, and the fact that Mrs F could not use her bathrooms or any running water. Mrs F contacted her home insurer which arranged hotel accommodation for her until the property had been decontaminated.

Mrs F made another claim to SOL about the drainage and a CCTV assessment of the drains was conducted, which indicated that pipework had been installed poorly and required reinstallation.

But SOL declined her claim for the defective drainage. It said as the drainage wasn't newly installed when the property was converted, it wasn't covered by her policy. And it offered her £150 compensation for some service failings.

Mrs F didn't accept SOL's responses, so she made a complaint. She said that despite accepting that some of the water ingress was covered by her policy, SOL had refused to accept the findings of the numerous specialist roofing experts she had engaged at considerable expense, and carry out further investigations into the roof to identify the cause of the three areas of water ingress through her ceilings.

And in relation to her drainage claim, she said SOL had also refused to accept the findings of experts who had carried out CCTV surveys which confirmed that the drainage system was newly installed – and that the failures and resulting sewage ingress was directly attributable to the poor workmanship during that installation.

In its responses to Mrs F's complaint, SOL maintained its position to decline the claims. So Mrs F referred her complaint to this service. Our Investigator considered the matter and didn't think SOL had declined the claims fairly, so recommended SOL take steps to put things right for Mrs F. SOL didn't agree, and maintained its stance that neither the drainage nor the roof issues were covered by the warranty. So 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 Mrs F and SOL have provided. Instead, I've focused on those I consider to be central to the key issues 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. 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, 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 drainage claim

Mrs F's policy says it provides cover for:

"Any newly built drainage systems serving your New Home, which were built by the Developer/Builder at the same time as the New Home, signed off by the Q Surveyor and for which you are responsible".

There is no doubt that the sudden overflow of effluent in Mrs F's bathroom was caused by defective drainage. But SOL has said the drainage isn't covered because it wasn't newly installed – it says the system existed at the time the property was converted into a dwelling. Mrs F has provided evidence which she says shows the drainage system was worked on as part of the overall renovation works when the property was converted.

SOL says Mrs F's evidence isn't conclusive as it doesn't demonstrate the drains were newly installed at the time of conversion. But I've considered the evidence Mrs F has provided, and the letter from the sewage treatment services, written by an expert in the field, has persuaded me that the pipework was newly installed, and installed poorly, when the property was converted. I say this because the expert confirms *"Due to the poor workmanship and incorrect fitting when the property/site was converted this has caused a back-up and failing within the drainage system, which inevitably caused effluent to back-up which in turn created a surge into the bathroom"*.

He also refers to images from the CCTV report and confirms that in his *"professional opinion these show conclusively without exception that the failings within the drainage run(s), is purely attributed to the poorly installed pipework when the conversions were carried out"*.

The drain reports I've seen also confirm there has been poor workmanship at installation and that there are several structural issues present within the pipework as well as a fracture in

the pipework, all of which occurred during the installation process.

SOL in contrast, has said that *“If the drainage were new, neither surveyor would allow the installation as it currently exists, hence the informed assumption that all underground drainage and the fault is existing, stemming back to the original hotel which is many many years old”*. But this is merely an assumption and there’s no expert evidence to contradict the findings of the sewage treatment services. And I find it unlikely that an expert in the field wouldn’t know the difference between newly installed drainage and older pipework from many years ago.

I’m not therefore satisfied that SOL has declined the claim fairly. So I’ll require it to reconsider the claim for the defective drainage.

The roof claim

Mrs F’s claim for water ingress through the roof was considered by SOL under Section 3 of her policy, which requires there to be damage caused by a defect. But as the claim was first made in 2022, this was within the “Customer Service Guarantee Period” of the warranty, which covers certain problems that may arise within the first two years following completion of the property. So SOL has considered the claim under the incorrect section of the policy.

The Customer Service Guarantee Period section of the policy says it covers:

“A fault, due to a breach of either The Q Technical Requirements or the Building Regulations, by the Developer / Builder or anyone employed by the Developer / Builder or acting for the Developer/ Builder, in the design or construction of the New Home, which existed at the Completion Date but was undiscovered or not known to exist.”

SOL said Building Regulations didn’t apply because the property was converted rather than newly built. But the policy terms say a valid claim can arise out of a breach of the Q Technical Requirements too, not just a breach of Building Regulations – and SOL hasn’t provided enough commentary or reasoning to explain whether these may not have been complied with.

I’ve considered the numerous specialist reports and opinions that have been provided in this case, including:

- The roofing report dated September 2022, which confirms there was a significant amount of rust in the roof slates, and a low grade of slate had been used. It also confirmed that the installation of the slates didn’t appear to be of the standard expected – and many other installation errors were noted.
- The surveyor’s comments in 2022, which confirmed that the roof slates were in poor condition, the slates were of poor quality and had been poorly aligned and not correctly fixed; and
- The Specific Defect Report following the inspection in May 2024, which confirms that the low quality slate was not fit for purpose, the fall was inadequate as water from the adjoining property was piped into the area behind the parapet wall, and there was standing water at the time of the inspection which would degrade the membrane.

Taking everything into account, I don’t consider SOL to have carried out an adequate investigation into the roof defects, as a number of failings have been noted by experts. I can’t therefore conclude that there hasn’t been a breach of the Q Technical Requirements as these published requirements refer to several obligations, including adequate methods of

fixing, as well as the minimum lifespan of materials used for roof coverings. So I'll require SOL to reconsider the roof claim in line with the Customer Service Guarantee Period of the warranty.

Compensation

I've considered the overall impact on Mrs F of SOL's handling of the claim. And I think Mrs F was caused serious distress and inconvenience, for which she should be compensated, due to SOL unfairly declining her claims. I've considered the fact that Mrs F is a vulnerable consumer, who suffers from various medical conditions and is the sole carer for her disabled son who has sadly recently suffered a bereavement. She also cares for her young grandson and throughout this ordeal has been, understandably, extremely concerned about the impact of ongoing harm to her family.

I think these circumstances would've compounded the effects of SOL's actions and caused Mrs F greater upset and frustration at having to pursue her claims at her own expense, and engaging her own experts, when the claims were unfairly declined. So I consider £1,500 compensation to be fair in this case, to reflect that Mrs F experienced serious disruption and inconvenience for a considerable length of time.

And as Mrs F paid for her own experts and reports, and the findings of those experts have persuaded me that SOL needs to do more, I also consider it should reimburse Mrs F for the costs she's incurred in pursuing her claims, with interest, subject to Mrs F providing SOL with evidence of those costs.

Putting things right

Society of Lloyd's should:

- Reconsider Mrs F's drainage claim in line with the remaining terms and conditions of her policy.
- Reconsider Mrs F's roof claim in line with the remaining terms and conditions of Section 2 of her policy (the Customer Service Guarantee Period).
- Pay Mrs F £1,500 compensation for distress and inconvenience.
- Reimburse Mrs F for the cost of any professional fees she's incurred in connection with the claims, and add to any of these costs 8% simple interest per annum from the date Mrs F incurred the cost until the date of settlement.

My final decision

My final decision is that I uphold this complaint and I direct Society of Lloyd's to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 18 October 2025.

Ifrah Malik
Ombudsman