

The complaint

Mr I has complained that Millennium Insurance Company Limited (MICL) unfairly declined a claim under his home emergency policy.

What happened

Mr I made a claim for an issue with his drains. MICL sent an engineer. It declined the claim because it said the policy didn't cover cracked drains. MICL then reviewed the claim again and said it wasn't covered because the cost of the work was above the £1,000 policy limit for making access.

Mr I complained to MICL about it declining the claim and because it said it would charge a second excess to arrange a further visit. When MICL replied, it said cover was to unblock drains to restore flow. Where work required access, this was limited to £1,000 including VAT. The work had been costed at £1,265 + VAT. It said the scale of the repair and the associated cost meant it couldn't be covered under the policy. It also said Mr I had requested a follow-up visit more than 30 days after the first visit. The policy explained that in these circumstances, a second excess was therefore payable.

When Mr I complained to this Service, our Investigator upheld the complaint. He said MICL now seemed to accept there was no exclusion for cracked drains. Although there was a £1,000 limit for gaining access, the policy didn't make clear that it would reject claims where the costs exceeded this. It could have asked Mr I for a contribution for the amount over the limit. The quote MICL obtained also didn't differentiate between the costs of gaining access and carrying out the repair. So, it wasn't clear what part of the costs were for gaining access or whether those costs went over the £1,000 limit. He said MICL should cover up to £1,000 to gain access and seek a contribution from Mr I for any costs above this. However, he said it was fair for MICL to charge a second excess as Mr I had contacted MICL more than 30 days after the first visit. Our Investigator also said MICL should pay £150 compensation for the impact on Mr I because of how it had dealt with the claim.

MICL replied and said it would pay the compensation. However, it said excavation was required and the policy didn't cover excavation costs. Our Investigator responded to MICL and said the part of the policy that referred to an exclusion for excavation costs wasn't relevant to Mr I's claim. MICL didn't reply. Our Investigator explained this to Mr I, who said he wanted an ombudsman to look at the complaint. So, the complaint was referred to me.

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.

Having done so, I uphold this complaint. I will explain why.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. So, I've thought about the complaint in that context.

MICL initially declined the claim because it said the policy didn't cover cracked drains. However, following further correspondence from Mr I, MICL seemed to accept the repair was to restore flow, which was covered by the policy. But, MICL still said the claim wasn't covered because access was required and the cost of this was more than the financial limit given in the policy.

The policy said:

"Getting access and reinstatement

Our engineer will try to establish the source of a leak but if this is not readily possible your policy does not include establishing the source of a leak and you will need.

to arrange for this to be done before we can carry out a repair Our engineer will let you know if they need to remove cupboards or make holes in original surfaces in order to make a repair. This policy will cover up to £1,000 including VAT to gain access to carry out repair..."
(as original)

MICL said the cost of gaining access was £1,265 plus VAT. Because this was more than the £1,000 including VAT stated in the policy, it said there wasn't any cover.

Looking at the quote for the work, this was to cover the cost of returning to the site with excavation equipment to replace the rest bend. It was assessed that this might resolve the issue with smells in Mr I's property. It also covered flow testing and the excavated area would then be reinstated. So, I think it's fair for me to say that the quote was for more than just gaining access. It included carrying out the repair to the rest bend and flow testing. The quote was made up of:

2 men 8 hours to make access - £840.00
Excavation equipment and materials - £350.00
Hole saw kit - £75.00

This was a total of £1,265, with VAT in addition to this amount.

In the circumstances, I think it's reasonable for me to say that some of the labour rate and materials were for the repair. So, I don't think it was fair for MICL to use the full amount shown in the quote to decide the work went over the limit for gaining access.

But even if I thought it was reasonable for MICL to decide the cost of the access work was more than £1,000 including VAT, I still wouldn't have said it was fair for MICL to decline the claim. The policy said it would cover costs up to £1,000 including VAT. This meant it could have paid £1,000 of the access costs and asked Mr I to pay the remaining amount above £1,000. I didn't read anything in the policy that said if the access costs exceeded £1,000, there was no cover at all. If this was what was intended, I think this should have been clearly stated in the policy wording.

I'm aware MICL also told our Investigator the policy didn't cover excavation costs. So, it said the claim still wouldn't be covered. I've looked at the policy. This said there wasn't cover for:

"Collapsed drains

Repairing or replacing drains that have collapsed or where any excavation is required.

- *that have collapsed or,*
- *where any excavation or removal of tree roots are required for outdoor heating” (as original)*

The only exclusion for excavation was in this section. So, I think it's fair to say the exclusion applied to collapsed drains, although I note the seeming reference to it also applying to outdoor heating. But, regardless, the claim wasn't for a collapsed drain or outdoor heating. In the “*Getting access and reinstatement section*”, the policy also said:

“We will fill in any excavation and leave the surface level where we have made access to an external drain or external water supply pipe, however we are not responsible for reinstating floor coverings, fixtures or fittings to their original standards.”

So, I think this showed that the policy did cover excavation.

As a result, I require MICL to obtain a fully itemised quote for the work that shows the access costs separately from the repair costs. This should be shared with Mr I. If Mr I isn't satisfied with how those costs have been calculated, he would need to raise a new complaint with MICL so it can consider it.

Mr I was also concerned that he was asked to pay a second excess when he contacted MICL again about his drains. Looking at the policy, this said:

“Paying callout fees

Some policies include a callout fee or an excess. You will find the callout fee you have selected on your welcome letter. When the claims team book your repair, they will ask to pre-authorise a debit or credit card for any callout fee to the repair. You will need to pay this before every new claim you make but we will not make you pay it if the engineer needs to reattend for the same claim (within a month).”

It's my understanding that it's not in dispute that Mr I contacted MICL more than a month after the previous visit. I also looked at the records to confirm this was the case. I'm aware this was because Mr I said he had been on holiday and that it was only a few days after a month had passed. I also read the transcript of a phone call where an MICL call handler might have given Mr I the impression there was some flexibility on whether to charge the excess for the new visit. However, MICL acted in line with the policy terms and conditions by charging a new excess and I'm not persuaded it was unfair for it to do so.

I've also thought about compensation. I think Mr I was caused inconvenience because of how MICL dealt with the claim and the possible loss of expectation about whether he would need to pay a second excess. As a result, I think MICL should pay Mr I £150 compensation to recognise the impact on him.

I'm aware Mr I also wanted MICL to provide a written assurance about how it would deal with future claims. However, MICL has explained how it will deal with claims in its terms and conditions. If Mr I is concerned about how MICL continues to deal with this claim or a future claim, he would need to raise a new complaint with MICL.

My final decision

For the reasons I have given, it is my final decision that this complaint is upheld. I require Millennium Insurance Company Limited to:

- Continue to deal with the claim in line with the policy terms and conditions
- Obtain a fully itemised quote for the work that shows the access costs separately from the repair costs. This should be shared with Mr I.

- Pay Mr I £150 compensation.

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

Louise O'Sullivan
Ombudsman