

The complaint

Mr B complains Chaucer Insurance Company Designated Activity Company (“Chaucer”) unfairly declined his claim on his Let Property insurance policy. All references to Chaucer include its agents.

I understand Mr B’s raised a separate complaint about the incident described in this decision. But this decision is about the above issue only.

What happened

Mr B took out a let property insurance policy in January 2022 on a property he had let to the same tenant since December 2020. In August 2022, Mr B contacted Chaucer to make a claim on his policy. He explained to Chaucer that damage had been caused by his tenant after he’d started eviction proceedings. He said at this time, the tenant had ended the tenancy agreement on that day. The damage listed included a broken pipe causing water to escape through the ceiling and broken doors including the back door.

As Mr B’s policy didn’t cover malicious damage by tenants, Chaucer declined the claim. Mr B contacted Chaucer again a few days later and made a new claim. He said the property was damaged during a break in and not by the tenant. He explained at the time of the damage, which he believed happened around two weeks before, the tenant still occupied the property but was in the process of moving. And she’d assured him she hadn’t caused the damage.

As the information Mr B had provided changed, Chaucer appointed an investigator to interview him. The investigator’s report was dated October 2022. The report said in summary they’d questioned Mr B about why his testimony had changed and he said when he first claimed on the policy, he wasn’t aware of exactly what had happened. But since, he’d spoken to the tenant and he thought someone she knew had broken into the property and caused the damage. Although the investigator did still have some concerns about the reliability of Mr B’s testimony, they later emailed Chaucer to say they’d made enquiries with the letting agent who had corroborated what Mr B had said. So they thought Chaucer should reconsider the claim.

Chaucer continued to decline the claim so Mr B asked our Service to look into things. He sent us correspondence between him and the tenant from throughout August 2022. The first email is from the tenant, raising concerns about water damage to her belongings. She also asked why Mr B had left the door unsecured. The tenant repeatedly complained to Mr B throughout the emails that she thought he’d caused damage to her belongings. Mr B said he thought she’d left the property unoccupied and she confirmed she hadn’t. On 25 August 2022, both Mr B and the tenant agreed to end the tenancy agreement.

Our Investigator upheld Mr B’s complaint. She said at the time of the claim, she thought Mr B’s property was unoccupied. So she thought he was entitled to cover under the policy terms relating to “Unoccupied Buildings”. Mr B accepted our Investigator’s view but Chaucer didn’t respond. So the complaint was passed to me to decide. I issued a provisional decision in October 2025. I’ve included a copy of that decision below.

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Based on everything I've seen so far, I intend to uphold this complaint but for different reasons from our Investigator. I'll explain why."

The relevant terms in this complaint say Mr B is covered for loss of rental income if the property is damaged during the period of insurance and as a result, a tenant isn't able to occupy the property. So that's what Mr B is claiming for here.

Chaucer has declined Mr B's claim as it thinks the damage to the property – which meant it couldn't be rented out until repairs were made – were caused deliberately or maliciously by his tenant. And although malicious damage or vandalism is covered by the policy terms, under the section 'What is Not Insured', the policy terms say, 'loss or damage caused by occupying Tenants' isn't covered.

Based on what I've seen in this case, I don't currently think Chaucer has done enough to prove Mr B's claim comes within this exclusion. Whilst I appreciate he initially said the damage had been caused by the tenant, he later explained this was incorrect. He's provided emails from between him and the tenant in which the tenant accused him of causing the damage. She repeatedly indicated she wanted to end the agreement because of it and she thought he should cover the damage to her property as a result of it. I can also see she flagged the damage to the letting agent a few weeks before Mr B made a claim and had been trying to get his contact details to report – and complain – about the damage to him.

Mr B has provided inconsistent information to Chaucer. But from what I've seen so far, I'm satisfied that's because he wasn't aware of the full circumstances when he first made his claim, and not that he was changing his story to be able to claim. And it seems Chaucer's investigator thought Mr B's testimony was credible after speaking to the letting agent. So I'm not currently satisfied it's fair for Chaucer to decline the claim for this reason.

I note our Investigator upheld Mr B's complaint because she thought his property was unoccupied at the time of the loss. But it's currently clear from the correspondence between Mr B and his tenant and the information he gave Chaucer that the tenant ended her tenancy agreement on 25 August 2022. And the damage Mr B's claiming for seemed to have happened over a week beforehand – Mr B's explained he thinks it happened somewhere between 12 and 15 August 2022. This is supported by the tenant's email to the letting agency complaining of water damage to her belongings on 15 August 2022. And that was during the period the property was still occupied as per the terms of the policy. So at the moment, I don't think the term relating to unoccupied buildings applies.

Based on everything I've seen, I think it's fair for Chaucer to reconsider Mr B's claim on his policy for the loss of rent in line with the remaining policy terms. I appreciate once Chaucer reconsiders the claim, it may still be declined if there are any other policy exclusions that apply but I don't believe that changes the level of distress and inconvenience Mr B would've likely experienced so far, especially as I don't believe he would've felt listened to. I currently consider Chaucer maintaining its decision to decline Mr B's claim for the reason it did would've caused him a great deal of upset, on top of the difficulty he was already going through with his tenant and property. So, based on what I've seen so far, I'd recommend it would be fair for Chaucer to pay him £400 as compensation to make up for this."

I asked both parties to make any further comments in response to my provisional decision before I reach my final decision. Mr B didn't make any further comments by the deadline set. Chaucer said in summary it wanted me to consider the following:

- Mr B had raised a separate but linked complaint which was settled in January 2025 and he was paid compensation for it.
- This complaint about the loss of rent was raised after the previous complaint was settled.
- The tenant had vacated the property and the tenancy agreement ended before Mr B made a claim for loss of rent. So it says there was no loss of rent attributable to the damage as the property wasn't tenanted at the time of the claim.
- It thinks the claim falls outside of the policy terms as the tenancy had ended before the claim was made.

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've looked carefully at the comments I've received and having done so, I maintain my decision to uphold this complaint, I'll explain why.

Chaucer has highlighted Mr B's previous complaint was settled earlier this year but it hasn't explained why this is important. Whilst that is linked to this complaint, I can see it is about a separate matter. So I don't think that impacts things here.

The terms say loss of rental income is covered in summary, if the property is damaged during the period of insurance and as a result, the tenant isn't able to occupy the property. The terms go on to say Chaucer will pay the difference between the rental income in force immediately before the date of the damage and any lower amount accepted from the tenant during the period of repair. And additional costs and expenditure reasonably incurred by the policyholder are covered, this includes, for example, the cost of re-letting the property.

Chaucer says Mr B's claim for loss of rent isn't covered as the property wasn't tenanted at the time of the claim. So it thinks the loss of rent isn't because of the damage and it says the claim isn't covered. But I can't see anything in the terms which say the tenant must still be occupying the property at the time of the *claim*. Instead, the terms focus on the tenant occupying the property at the time of the damage, which they did in this case. So I don't think Chaucer's comment makes a difference to the outcome of this case and I don't think it can fairly decline the claim for the reason it's given, that Mr B only made the claim after the tenancy agreement had ended.

In its final response letter, Chaucer said the loss of rent cover is only provided if Mr B had to move his tenant into alternative accommodation. But that's not what the terms say – they say it'll cover the difference between what the tenant usually pays and what the policyholder accepts while the damage is ongoing. And I can see there's a separate section of the policy that applies to alternative accommodation. I note, under the loss of rent section, there are other costs Chaucer says it will cover including the cost of re-letting the property which I don't think it's considered. So I still think it needs to reconsider this claim subject to the remaining terms.

Reconsidering the claim doesn't automatically mean it will be paid as there may be other reasons it's not covered. But if Chaucer still declines Mr B's claim after reconsidering it, I'd expect it to explain its reasons why clearly to Mr B and the terms it's relied on. I also direct Chaucer to pay Mr B £400 as compensation for the great deal of upset it caused him.

Putting things right

To put things right in this case, I direct Chaucer to:

- Reconsider Mr B's claim for loss of rent in line with the remaining policy terms.
- Pay Mr B £400 as compensation to make up for the distress and inconvenience it's caused him.

My final decision

For the reasons given, I uphold Mr B's complaint and direct Chaucer Insurance Company Designated Activity Company to put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 17 November 2025.

Nadya Neve
Ombudsman