

## **The complaint**

S, a limited company, complains that MSIG Europe SE (“MSIG”) unfairly declined a claim it made on its commercial property insurance policy.

Mr D, a director of S, brings the complaint on S’s behalf.

## **What happened**

The details of this complaint are well known to both parties, so the following is a summary of key events only.

S held a commercial property insurance policy with MSIG which covered student accommodation. In early 2023, S said it noticed signs of water ingress affecting the basement and upper floors of the property following periods of heavy rain. A loss adjuster later inspected and attributed both issues to works carried out by the local council; cracking of the concrete passageway which allowed rainwater into S’s cellar, and the replacement of a lead drainpipe with plastic which had failed.

S notified MSIG of damage to the building’s stairwell in June 2024 but MSIG ultimately declined to cover the claim. They said the damage had developed gradually over time and could have been mitigated but was reported late. S felt this was unfair and raised a complaint, but MSIG maintained their claim decision. But they did accept there had been delays in communication and offered £150 compensation. S remained unhappy with MSIG’s response to its complaint – so, it brought the complaint to this Service.

An Investigator looked at what had happened but didn’t think MSIG had unfairly declined the claim. She said the evidence demonstrated there was a known issue with water ingress and S hadn’t carried out inspections of the property. The Investigator concluded that the damage was as a result of gradual deterioration and wear and tear. And she felt MSIG had fairly relied on a policy exclusion to decline the claim.

S didn’t accept the Investigator’s conclusions. It said the rear passageway damage and drainpipe damage were separate issues and got worse over time. S said it had been in touch with the local council to determine whether the rear passageway was adopted by them and therefore the council’s responsibility to put right. Temporary repairs were carried out at that point, but the stairwell damage wasn’t raised until June 2024 because that’s when it was aware of the issue.

S 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.

Having done so, I’ve reached the same overall conclusions as the Investigator.

I want to start by acknowledging that I've intentionally summarised S'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.

As the Investigator previously set out in their view, S's testimony is that it only became aware of the damage when students reported water ingress through the wall. And in response to the Investigator's findings, S outlined that it felt MSIG was wrong to link what it says are two separate claims: the first being the rear passageway pavement, and the second the drainpipe leak. But I don't find that the available evidence supports that.

The loss adjuster's report records that both problems developed around the same time and were linked to the council's earlier works on the same section of the rear passageway. The report described the damage as progressive and worsening after rainfall, not as two distinct and sudden events. I've also considered the photos of the damage, and I think it's clear the damage had been ongoing for some time. There is evidence of long-standing damp staining and plaster deterioration, which I find it consistent with gradual ingress over a period of months. On that basis, I'm satisfied MSIG acted fairly by considering this as a single occurrence of water ingress, rather than two distinct events.

Under the policy's terms, S is required to take reasonable steps to mitigate damage, and to notify MSIG within 60 days of becoming aware of any loss or circumstance that may give rise to a claim. I'm satisfied the evidence indicates signs of ingress were apparent much earlier, and certainly several months before S notified MSIG of it. And so, I think it's reasonable for MSIG to consider that the notification condition had not been met.

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. On that basis, MSIG relied on a policy exclusion, which said damage was not covered where it is due to gradual deterioration or wear and tear.

Taking all the above into account, I think MSIG'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, and based on the available evidence they relied on, I'm satisfied that their conclusion that the claim would be excluded from cover was a reasonable one to reach. And it therefore follows that I think MSIG's decision to decline the claim was fair.

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

Finally, I've looked at how the claim was handled once it was reported. The claim history records there were delays between the loss adjuster's inspection and the issue of the final decision, and that S had to chase for updates. MSIG acknowledged these delays and offered £150 compensation. So, I need to decide whether that's enough compensation for the service failures by MSIG.

I've weighed up the available evidence and the duration of the process. Overall, I think the compensation already offered by MSIG is fair and reflects the impact their actions had on S. I appreciate this may not be the level of compensation S had hoped for, and I was sorry to hear about its issues with having to cease trading. But in relation to the issues I think MSIG are responsible for, I consider the compensation they've offered to be in line with the level of

compensation appropriate to these issues, and I'm satisfied this produces a fair and reasonable outcome in this particular complaint.

### **My final decision**

For the reasons I've given above, my final decision is that I uphold this complaint in part. I direct MSIG Europe SE to pay £150 compensation, if they haven't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 5 December 2025.

Stephen Howard  
**Ombudsman**