

The complaint

R, represented by Mr R, has complained about its let property insurer INTACT INSURANCE UK LIMITED (Intact) because, after a year, it declined R's claim for water damage.

What happened

In July 2024 Intact had been dealing with a water damage claim for R. It issued a final response letter to a complaint R had made, apologising for delays to that point. At that point Intact's leak specialists suspected a leak from the neighbouring property was causing the damage and investigations by the local water authority (regarding the mains water supply) were pending. Around that time R also sought legal assistance to progress matters with the owner of the neighbouring property.

Intact, in September 2024, asked R for an update. The parties then discussed the possibility of a cash settlement which R could use for repairs once the neighbour had traced and fixed the leak in their property. A further report from Intact's leak specialist confirmed there was no leak in R's property – the likely cause was still felt to be a leak in the neighbouring property.

R obtained an estimate for repair from a company I'll call O. O reported that the cause of the water damage was most likely rising damp, as opposed to a leak from a plumbing source. In January 2025, seeking a cash settlement from Intact, R sent the estimate and report to it. Intact subsequently declined the claim.

Unhappy with Intact's response, R complained. In a final response of 16 May 2025 Intact acknowledged the claim had been ongoing for some time, but emphasized that, for a long time, the specialist advice available suggested the damage to R's property was being caused by a leak from next door. It said the evidence available supported its decline. And it didn't feel it was liable to R to pay any rent lost. However, Intact accepted that, in 2025, it had caused a delay of four months. So it paid R £500 compensation.

R complained to the Financial Ombudsman Service.

Our Investigator was satisfied the claim decision Intact had made had been fair and reasonable. He wasn't minded to think it should reimburse the policy excess, the cost of O's report or to compensate R for rent lost. He was satisfied that the £500 Intact had paid was fair compensation for any inconvenience its failings had caused R.

R said it disagreed with the view. It said it seemed unlikely that this damage could have resulted from rising damp as the property had been let since 2014 with no issue of damp (until the recent claim). R said as Intact used O's report – which had been obtained because Intact was causing delays – to decline the claim, it wasn't fair R was left out of pocket for it. R argued that it had taken nine months for Intact to arrange a drain survey, and R's repeated request for such a survey had been ignored several times.

The complaint was referred 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.

I appreciate R had no issues at the property before this claim. But O's report is quite conclusive in terms of the cause of damage. And I say that particularly noting the scientific tests undertaken which showed the moisture in the walls contained chemicals found in ground water – not mains or waste water. I also bear in mind that no evidence was ever found of a leak at the neighbouring property. And the only leak found at R's property was with the drains. But had a leak from the drains been affecting the property, I'd have expected there to have been obvious signs of that, such as smell. I think Intact reasonably concluded the most likely cause of the damage in R's property was rising damp.

The policy R had with Intact offered cover for damage caused by water leaks from water 'apparatus', and for accidental damage to underground pipes. As the internal damage in the property was most likely not caused by a leak from any pipes (or other water apparatus), I'm satisfied Intact's claim decline was fair and reasonable.

The decline was a long time in coming. However, water damage claims can sometimes involve a process of elimination. Sometimes the nature of the damage will give an indication of likely cause – for example rising damp might cause salt crystals to form on the walls, and that might guide leak/damp specialists to look more into damp issues than focussing on potential plumbing leaks. At R's property though the water marks on the wall seemed fairly 'clean' and the available photos show no signs of salt crystals. Further, as I understand it, the tenants suddenly noticed the problem. In the circumstances I can't reasonably fault Intact for thinking this was damage caused by a plumbing leak.

Intact also followed the findings of its leak detection specialist. With the specialist concluding there was most likely a leak in the property next door causing the damage to R's property. I can't reasonably blame Intact for relying on that specialist advice.

There was a period in late 2024 where Intact did very little on the claim. But R was exploring liability issues with the neighbour, trying to progress the leak being located and fixed. So I wouldn't have expected there was much Intact reasonably could have done. Not least as further investigations might well have impacted or prejudiced any legal claim. But also Intact, until R sent it O's report in January 2025, had no evidence available to it which reasonably pointed to any other cause of damage. I'm satisfied that if O's report had been shared with Intact earlier, the claim would have progressed earlier too.

I appreciate it is frustrating that R paid for O's report, and that is the key piece of evidence which caused Intact to decline the claim. But a policyholder is meant to cooperate with an insurer and share with it any evidence relevant to a claim at hand. And, having reviewed the timeline, I don't think it was Intact's delays which caused R to seek O's expert opinion. I think that report was most likely sought in relation to the ongoing legal claim. Even if that was not the case, I have difficulty accepting it was obtained in order to progress the claim which Intact was delaying. I say that because it wasn't shared with Intact for a period of nearly four months. I'm satisfied Intact's refusal to reimburse R for the cost of this report is fair and reasonable.

Similarly I am satisfied that Intact can reasonably keep the policy excess. R made a claim to Intact. Intact took on that claim and spent time and resources working on it. So it did have costs associated with the claim. And the policy says the excess is the first part of every claim which the policyholder is responsible for.

I know R, sometime in 2024, began to lose rental income as the tenant moved out. And Intact has refused to cover any lost rent under the policy. In the circumstances, particularly as the property has not been damaged by a valid insured cause, I'm satisfied that refusal is fair and reasonable.

This Service will sometimes, where an insurer has caused delays, require it to reimburse costs and losses caused by that delay, even if they aren't covering them under the policy. I've thought about that here. But, from what I have seen, between July 2024 and January 2025, Intact did not cause any avoidable delays. It has accepted a delay of around four months in 2025 in arranging drain inspections. But by then R knew O's view that the damage to the property was being caused by rising damp. And R had delayed in sharing that evidence with Intact. When Intact did survey the drains, it confirmed they were not affecting the property internally. In the circumstances I'm satisfied that Intact did not cause R to lose rent or suffer other associated costs by unreasonably delaying the claim.

In respect of inspecting the drains, as I've said, when R provided O's report, Intact then decided to look at the drains at R's property. I know R thinks it should have done that before. But I've commented above about the potential for prejudice whilst the reasonable pursuit of the neighbour was ongoing. Once it was clear that there was most likely no leak next door – as evidenced by O's report – it was reasonable for Intact to check for underground leaks. It has accepted that it delayed in doing this for about four months. It paid R £500 compensation for that delay.

R is the policyholder (although I recognise Mr R has said this was an 'admin error'). So R is the entity for which I can consider compensation for. R, as a business, can't suffer distress, only inconvenience. The period of delay over which Intact has accepted R was caused inconvenience, regarding it arranging a drainage inspection, was four months. I'm satisfied the sum of £500 is reasonable compensation in the circumstances, so I won't require Intact to pay anything more.

My final decision

For the reasons set out above, I don't make any award against INTACT INSURANCE UK LIMITED.

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 9 April 2026.

Fiona Robinson
Ombudsman