

The complaint

L, a limited company, complains about how Hadron UK Insurance Company Limited (“Hadron”) handled a claim it made under its buildings insurance policy.

Mr S, a director of L, brings the complaint on L’s behalf. L is also professionally represented in this complaint. But for ease of reading, I have just referred to L and Hadron throughout where possible.

What happened

L held a commercial insurance policy underwritten by Hadron for a converted property that contained three flats. L says the flats suffered contamination and flooding between July and August 2022 after a foul drain backed up, causing sewage to enter two ground floor flats.

Hadron initially raised concerns over whether the policy would cover the claim as well as underinsurance issues. L said this caused delays for several months. There were then several site visits and updates between 2022 and 2023 and following a complaint which Hadron responded to in January 2024, they concluded that there had been delays in handling the claim; so, they offered £250 compensation for any inconvenience caused.

Following further consideration of the claim, Hadron issued a further final response in September 2024, which said the claim was declined on the basis that the current damage resulted from gradual deterioration and maintenance failures excluded by the policy. Hadron relied on the “maintenance related damage” exclusion in the policy and said accidental damage cover also didn’t apply. However, following a formal challenge to that response in December 2024 by L, Hadron reconsidered the claim and in February 2025 agreed to pay for unblocking, tracing and access costs, but not for reinstatement or loss of rent.

L brought its complaint to this Service in February 2025. It said despite Hadron agreeing there was now cover under the policy, the claim had not been settled, and it wanted Hadron to accept liability for reinstating the contaminated finishes and fixtures linked to the 2022 flood event. L said the property was still in a poor and partially reinstated condition and said it wanted Hadron to cover all reasonable costs of unblocking, tracing and accessing damaged services, as well as pay compensation for loss of rent and inconvenience from the delays in finalising the claim.

An Investigator looked at what had happened but didn’t think the complaint should be upheld. She started by saying that part of the complaint history would be outside of this Service’s jurisdiction to consider, because Hadron had issued a final response to L’s previous complaint in January 2024 in respect of delays and underinsurance concerns. But L hadn’t brought a complaint until February 2025. She also said she hadn’t been provided with any exceptional circumstances that would have prevented L from contacting this Service earlier. So, the Investigator concluded that we would only be able to consider events that had happened since January 2024.

The Investigator went on to explain that she’d reviewed the available evidence and could see L hadn’t agreed to the previous contractor Hadron appointed carrying on with the claim,

so Hadron agreed to appoint another contractor. That contractor's report said that while the faulty drain had been repaired, they had concerns over the heightened moisture readings still present in the property. They said this suggested there was an ongoing leak in the property.

The Investigator said she thought it was reasonable for Hadron to appoint a leak detector to find out the cause of the leak and said it was identified that silicon seals were still causing damage in the property, but this wasn't caused by an insured peril. The Investigator also said it would be reasonable for Hadron to either arrange another site inspection to consider this aspect of the claim, or alternatively, for L to provide its own report for Hadron to consider. The Investigator concluded that the outstanding issues for loss of rent, full strip-out work, decontamination work, and reinstatement of the affected areas couldn't fairly be completed until Hadron had completed their investigations which would include a further site visit.

L didn't agree with the Investigator's findings. It said Hadron had refused to accept liability for reinstatement, despite agreeing to strip-out and sanitisation works previously. L said Hadron's shifting rationale and their refusal to confirm reinstatement had frustrated resolution of the claim for over two years. L also said it disagreed to an insurer-only revisit but said it was open to a joint inspection with both parties present, or apportionment based on the evidence already provided. L asked for an Ombudsman to consider the complaint – so, it was passed to me to decide. I then issued a provisional decision in which I said the following:

"I want to start by acknowledging that I've intentionally summarised L's complaint in a lot less detail than it has presented it. No discourtesy is meant by this, and I want to assure L that I have read and considered everything submitted in its entirety. However, as an informal dispute resolution service, this Service's role is to focus on the main issues of a complaint in order to reach a fair and reasonable outcome overall. And this means I have only focused my decision on what I consider to be the key points of the dispute.

Additionally, I also need to set out what I will be considering as part of this complaint. As the Investigator has already explained, Hadron issued a final response in January 2024 which considered delays in progressing the claim due to concerns over underinsurance as well as periods of delay in communications. L did not bring that complaint to this Service within six months of Hadron's final response. It was only in February 2025 that L brought the subsequent complaint that Hadron issued a response to in September 2024.

This means I won't be making a finding on these earlier points and the scope of my decision will be on issues that arose between January 2024 and February 2025, which essentially, comes down to further delays and Hadron's request for a site visit in order to determine the extent of damage caused by the faulty silicone sealant as opposed to the original drain issue. I can see that Hadron's initially declined to cover the claim and said "The policy covers damage caused by an insured event and not the consequences of wear, tear and anything that happens gradually..." But a later final response in February 2025 said "I have asked the claims department to reconsider their decision regarding this claim. Although I agree with their decision to decline any claim for damage that has arisen from the faulty bath seal as it is a maintenance related issue, it is evident that additional damage had been sustained due to the drainage leak and I see no reason why this aspect of the insureds claim should not be considered."

As such, it appears to me that there had been some confusion over the cause of the damage and what was being claimed for. I've considered Hadron's internal claim notes, and it appears they understood that the original issue from 2022 had been resolved, and the water damage and moisture readings were in relation to the later silicone seal failure. However, L says there are still unresolved issues due to the original foul water problem from 2022.

Taking things in the round, I think Hadron was incorrect to decline to cover the claim initially as they set out in September 2024. The declinature letter establishes there were two separate events and says the silicone sealant failing around the shower tray and bath would be excluded under the maintenance related damage exclusion. But I don't think this was outlined clearly enough, and Hadron's own claim notes do show there was some confusion over what the exact status of the claim was. I therefore don't think the decline letter clearly outlined that they'd reached a balanced conclusion based on all the available evidence. And given the ongoing uncertainty over causation and Hadron's acceptance that contamination had previously occurred, I think it was premature to issue a declinature at that stage.

The claim was then not confirmed as being within the policy cover until February 2025, and by this point, L was left without clear confirmation of cover for around five months, which I think would have caused additional unnecessary uncertainty and frustration. I therefore consider it appropriate for me to award a sum of compensation for this delay. I appreciate L has said that this period is in addition to the ongoing delays in resolving the claim. But as I explained previously, I can only consider the period between January 2024 and February 2025 in this decision. While I've noted the earlier delays from 2022 and 2023, these events fall outside of this Service's scope to consider. So, I've only considered them to the extent that they provide context for what happened later.

Hadron's present position appears to be that the original leak was fixed, and any later water ingress is due to the subsequent silicone sealant failing. Their contractor who attended the property reported there was no damage due to the original incident that occurred in 2022. And the final response said a contractor's report had advised the property's sub-floors were dry and there appeared to be no damage as a result of the original incident in 2022.

However, L says that they previously agreed a strip out which was required due to contamination. And while Hadron has agreed to pay the expenses incurred for unblocking, tracing, and accessing damaged services, there are outstanding losses to be considered as part of that claim including loss of rent, full strip-out works, and reinstatement of the affected areas. L also says there was damage from the original incident in 2022, which I can see the Investigator has already commented on and said when the property was initially reviewed in September 2022, the engineer noted:

"The tenant of Flat 153a, advised the landlord that the drains had blocked, and foul water began to surface up through the shower and WC in the bathroom and spread across the room, the foul water also spread into flat 153c, and damage has occurred in this flat too."

Hadron has suggested that a further site visit be carried out in order to determine any overlap between the two issues and prepare a way forward for the claim. But L says this is unfair and that a joint site visit should be carried out at Hadron's expenses, or in the alternative, Hadron should conclude the claim based on the visits that have already been carried out. L says it's unfair for more visits to occur due to the delays already experienced.

As things currently stand, I acknowledge that the claim has been ongoing for a long time, and I appreciate why L feels that it shouldn't require a further site visit or have to incur the expense of commissioning a further report. I've considered everything carefully, and in line with my duty under DISP 3.6.1; to determine a complaint by reference to what is, in my opinion, fair and reasonable in all the circumstances of the case, I think the fairest way to resolve this complaint is for me to outline a pragmatic solution.

Given the passage of time and the evidence of later moisture readings, I don't think it's unreasonable overall for Hadron to revisit the property before agreeing reinstatement is required. A further inspection, in my view, could help to separate the 2022 drain related issue from any later water ingress that might be excluded. In respect of Hadron covering the cost of a joint site visit, ordinarily I'd consider it reasonable for an insurer to carry out its own re-inspection without the need for a policyholder's expert to be present.

But in this specific complaint, Hadron has already carried out several inspections and there does appear to be different conclusions about the extent of damage from the 2022 incident. And given Hadron's own confusion over whether the new incident overlapped with the last, I think this has reasonably reduced L's confidence in Hadron reaching a definitive view of the claim. In those particular circumstances, I consider a joint inspection to be a fair and proportionate way to move the claim towards a final conclusion. A joint inspection, where both parties' experts can observe and record findings, would ensure the assessment is as balanced and fair as possible. I also consider that it will reduce further disputes from arising and would allow both experts to narrow any points of difference on site.

Putting things right

As I set out above, I think a sum of compensation to reflect the impact Hadron's delays in handling this claim would have caused L. And I can see L's representative has outlined that there has been both financial and emotional impact due to these delays.

However, the policyholder is a limited company, and this means it is a separate legal entity and the customer of Hadron. I don't doubt this situation has been extremely stressful for Mr S, but I am unable to award compensation to individual directors for distress, upset or inconvenience they person experienced - it's simply not a power this Service has.

I've therefore considered the wider inconvenience L itself has faced as a result of any delays. And any award I make for poor handling or disruption reflects that business level impact, rather than personal distress. I should also highlight that this Service also doesn't punish or fine a business. A compensation award is intended to reflect the impact a business's actions had on their customer. Overall, I think a sum of £500 is fair and reflects the impact Hadron's actions had on L and I consider it to be in line with the level of compensation appropriate to these issues. I'm also satisfied this produces a fair and reasonable outcome in this particular complaint. Additionally, for the reasons I've already given, I don't think an insurer-only inspection would be fair or proportionate. I'm satisfied a joint inspection, at Hadron's cost, is a more fair and reasonable way to ensure evidence is gathered transparently and any remaining areas of the dispute can be resolved quickly."

I concluded that I intended to uphold the complaint in part and to direct Hadron to pay for the cost of a joint site inspection attended by both Hadron's surveyor and the reasonable costs of a surveyor appointed by L, with both parties participating in a coordinated assessment to finalise the claim, as well as paying £500 compensation for avoidable delays in handling the claim. I invited both parties to respond to my provisional findings.

Hadron didn't provide any further information for me to consider. L provided a response via its representative that broadly accepted my findings but wanted me to consider that Hadron previously confirmed in writing the approval for strip-out and sanitisation works, and L therefore considers that this portion of the claim is agreed and no longer in dispute. As such, L asked that I make a direction for Hadron to release a payment for those works, as well as cover reinstatement works and limit the joint inspection to areas concerned with the ongoing ingress or damage unrelated to the original insured peril (e.g. failed silicone).

As both parties have now had an opportunity to respond to my provisional findings, I will set out my final decision below.

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 have reached the same outcome I did in my provisional findings. I'll explain why.

I've noted L's submissions that Hadron has previously approved the strip-out and sanitation works under the 2022 claim. I can see that there were discussions around potentially cash-settling the claim due to perceived underinsurance and I acknowledge L's submissions that previous inspections and reports have been undertaken. I would consider it good industry practice for Hadron to consider these previous reports when finalising the claim to avoid unnecessary duplication of work or further delays for L. But I am unable to determine or direct individual elements of the claim itself as part of this decision. My role is to decide whether Hadron handled the claim fairly and reasonably. In my view, they did not, and it is clear there has been confusion and delays caused by an overlapping of the two events.

But to be clear, I am not making a claim decision or directing Hadron how to settle the claim itself. I remain satisfied that a further inspection remains a necessary and proportionate step to establish the extent of insured damage before reinstatement proceeds. It will then be for Hadron to consider settlement in line with the policy terms once those findings are available.

My final decision

For the reasons I've set out above, my final decision is to uphold this complaint in part. I direct Hadron UK Insurance Company Limited to:

- Pay for the cost of a joint site inspection attended by both Hadron's surveyor and the reasonable costs of a surveyor appointed by L, with both parties participating in a coordinated assessment to finalise the claim.
- Pay £500 compensation for avoidable delays in handling the claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask L to accept or reject my decision before 3 December 2025.

Stephen Howard
Ombudsman