

## **The complaint**

Ms T and Mrs H have complained in their capacity as executors of the late Ms G's estate, that Great Lakes Insurance SE ("Great Lakes") unfairly declined a claim made under a building insurance policy, following significant water damage to a rental property which is held in a trust.

For ease I'll refer only to Mrs H throughout this decision.

## **What happened**

Mrs H looks after a property for her late sister's trust ("T"), of which her late sister's young children are the beneficiaries. In January 2024, the tenants of that property moved out. Mrs H visited the house to check on it and let decorators in, to find there was significant water damage to the property.

She told Great Lakes about the damage and a claims manager and loss adjuster were appointed. Mrs H was advised to get quotes for the repairs, which she did. The damage was inspected a number of times.

In June, Mrs H was told that because the property was empty it was unlikely to be insured. But Mrs H said she had made the insurer aware from the outset that the property was empty. In July, Great Lakes confirmed there was no cover, so Mrs H complained. She said that during the first call she was told the insurer would be supplying dehumidifiers and dryers only days later. But that this didn't happen and at every stage she had to chase for a response and some action.

In its response to her complaint, Great Lakes said that at the date of loss, the property was unoccupied and the policy didn't provide full cover, and only provided limited types of cover for certain insured perils – which didn't include escape of water. It acknowledged its handling of the claim could've been better, and for that it offered Mrs H £250 compensation.

Mrs H didn't accept Great Lakes' response, so she referred the complaint to the Financial Ombudsman Service. Our Investigator considered the complaint but didn't think it should be upheld. She said the claim was declined fairly based on the policy terms, and the compensation Great Lakes had offered was reasonable in the circumstances.

Mrs H didn't agree with our Investigator's opinion, so the complaint has now been referred to me 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.

As this is an informal service, I'm not going to respond here to every point raised or comment on every piece of evidence Mrs H and Great Lakes have provided. Instead, I've focused on those I consider to be key or central to the issue. But I would like to reassure

both parties that I have considered everything submitted. And having done so, I'm not upholding this complaint. I'll explain why.

The insurance industry regulator, the Financial Conduct Authority (FCA), has set out rules and guidance about how insurers should handle claims. These are contained in the 'Insurance: Conduct of Business Sourcebook' (ICOBS). ICOBS 8.1 says an insurer must handle claims promptly and fairly; provide reasonable guidance to help a policyholder make a claim and give appropriate information on its progress; and not unreasonably reject a claim. I've kept this in mind while considering this complaint together with what I consider to be fair and reasonable in all the circumstances.

Insurance policies aren't designed to cover every eventuality or situation. An insurer will decide what risks it's willing to cover and set these out in the terms and conditions of the policy document. The test then is whether the claim falls under one of the agreed areas of cover within the policy.

In this case, I've checked the policy schedule and can see that it says the insurer must be made aware of any changes to the information set out, including *"if Your Premises is to be Unoccupied for any continuous period exceeding 60 days"*, or *"if the occupancy or Resident type changes"*.

It's not in dispute that the property was indeed not occupied by a tenant at the time of loss. But Great Lakes has said it wasn't informed when the tenants moved out. The policy defines a property as *"Unoccupied"* if it:

*"a) has not been lived in for more than 60 consecutive days, or*

*b) is not furnished for full habitation"*.

Mrs H says the insurer was advised that the property was empty and I understand there was no tenant lined up as the property was due to be decorated. But I can see that the notification of unoccupancy wasn't given as soon as the tenants moved out – only when the claim was made. Mrs H said she wasn't aware of the unoccupancy terms, but I'm satisfied these were set out in the statement of fact.

The tenants moved out in January, so the property wasn't vacant for more than 60 days. But I've seen the photos of the property from the time the damage occurred, and I'm satisfied that these show that the property wasn't furnished for full habitation. This is because in most of the rooms at the property, there isn't any furniture at all. It follows therefore, that I consider the property to have met the definition of *"Unoccupied"* at the time the damage occurred.

The policy states that only limited cover is available for unoccupied properties. And cover for an escape of water isn't provided if a property is vacant. So I'm satisfied the claim wasn't declined unfairly. Had Great Lakes been made aware that the property was unoccupied as soon as the tenants vacated it, there may have been an opportunity for Great Lakes to advise the trustees that only limited cover was available, which would've then given the trustees a chance to place new tenants into the property sooner, or mitigate the potential for loss or damage another way, for example, by checking on the property more frequently.

In terms of the compensation offered, I think £250 is a reasonable amount in the circumstances. This level of compensation reflects that there were a few months of what I'd consider to be avoidable delays in the claim. Great Lakes could've declined the claim as early as February 2024 but didn't do so until July.

I don't consider Great Lakes to be responsible for a loss of income due to those delays,

despite the fact it delayed the claim decision for around five months. This is because work at the property started in November 2024, a further five months after the claim decision was made. So I don't think it was Great Lakes that caused the loss of income during that time, as the property needed work before a tenant could be found.

All things considered, I'm satisfied that Great Lakes didn't decline the claim unreasonably and has compensated fairly for the delays it caused, so I won't require it to do anything differently in this case.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 3 December 2025.

Ifrah Malik  
**Ombudsman**