

The complaint

Mr B complains that Allied World Assurance Company (Europe) dac ('AWAC') unfairly charged him an excess after he claimed under the multi-occupancy buildings insurance policy which covers his flat.

What happened

Mr B is a leaseholder within a block of flats covered by a multi-occupancy buildings insurance policy. The policy is in the name of the freeholder but also provides a benefit to him as a leaseholder.

In August 2023, Mr B suffered damage to his flat caused by an escape of water from the flat above, so he made a claim. AWAC accepted the claim but Mr B complained about it deducting the policy excess of £500 from the settlement amount. In its response to the complaint, AWAC said it had applied the excess correctly.

Unhappy with AWAC's response, Mr B brought his complaint to our Service for an independent review. Our Investigator thought AWAC had acted fairly when deducting the excess. Mr B disagreed. He said he shouldn't have to pay it as he wasn't at fault for the damage.

As Mr B didn't agree with the Investigator, the complaint'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 decided to not uphold this complaint and I'll explain why.

I'm aware I've set out the background to this complaint in less detail than the parties have presented it. I'm not going to respond to every single point raised. Instead, I've focused on what I find are the key issues here. I assure both parties, however, that I've read and considered everything they've provided.

Mr B's policy, like most insurance policies, includes a policy excess. This is the amount Mr B is contractually required to pay as a contribution towards the cost of any claim made under the policy. The policy has several different excesses depending on the cause of damage the claim falls under. In this case, the policy's excess for escape of water claims is £500. I know Mr B doesn't think he should pay this as he wasn't at fault for the damage. However, the excess is always payable when a claim on a buildings policy is made, irrespective of who is at fault.

AWAC is under no obligation to seek to recover the excess on behalf of Mr B. But I can see that it explored the possibility of pursuing a recovery claim on Mr B's behalf for the excess. But it concluded this would not be successful, as it didn't have any contact details for the former tenant of the flat from which the leak originated. Also, the flat in question is owned by

the freeholder, who is the policyholder so AWAC concluded it wasn't possible to make a claim against them under the policy. I don't think its conclusion was unreasonable in the circumstances. Mr B may want to discuss the excess with the freeholder. In any event, I think AWAC went above and beyond its contractual obligations by exploring this possibility. So, I think it treated Mr B fairly here.

I appreciate Mr B will be unhappy with my decision. He was the victim of an incident not of his own making, which has left him out of pocket. But for the reasons I've given, I can't say AWAC has treated him unfairly by charging him the policy excess. So, I won't require AWAC to do anything.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 5 May 2026.

Linda Tare
Ombudsman