

The complaint

Mr P has complained about the way U K Insurance Limited (“UKI”) handled a claim he made under his home insurance policy.

What happened

Mr P made a claim under his policy with UKI after noticing water damage at his property. UKI sent its loss adjusters to assess the damage and concluded that the cause of the damage wasn’t covered under the policy.

UKI therefore declined the claim. Mr P complained, saying the claim should be reinvestigated. UKI accepted that it had declined the claim prematurely and reopened it. It offered Mr P £250 compensation for the impact of its actions.

But the claim remained repudiated and at the time of its final response letter, UKI said further investigations were ongoing in order to validate the claim.

Mr P didn’t accept this and brought his complaint to the Financial Ombudsman Service. He said he was concerned about the foundations of his property as water was leaking over a long period of time. He also said the floor still felt spongy and there was a foul smell.

Our Investigator considered the complaint, but didn’t think it should be upheld. The Investigator said whilst mistakes had been made, UKI had offered fair compensation for these. Mr P didn’t agree with our Investigator’s assessment, 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 Mr P and UKI have provided. Instead, I’ve focused on those I consider to be key or central to the issues in dispute. 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.

Based on everything I’ve seen, I’m satisfied the initial claim decline was unreasonable. UKI relied on a nitrate test which it said indicated there was rising damp, but it didn’t explore any

other options. It said the damage appeared to be pre-existing and caused by poor ventilation. It also said it had been unable to locate an escape of water and that the claim had been repudiated on the grounds of it being a gradually operating cause. But sufficient evidence wasn't provided to support those conclusions. So I agree it dismissed the claim prematurely. UKI has acknowledged this and offered compensation for the error.

It also reopened the claim and arranged for further inspections to take place. I'm satisfied it also refunded the incorrectly charged excess, as this shouldn't have been taken if the claim was being declined. And looking at the overall timeline of the claim, I'm persuaded that the £250 compensation UKI offered Mr P was fair and reasonable in the circumstances. This is because a compensation award in this range reflects that Mr P was inconvenienced and that UKI's error caused him frustration and required reasonable effort to sort out.

Mr P has said he was financially at a loss as he had to take unpaid leave from work to be available at the property for visits. But claims of this nature will always cause some level of disruption and it is inevitable that visits would require someone to be at the property. So I'm afraid I won't require UKI to pay additional compensation for what is a natural consequence of the claim itself, and not necessarily an issue caused by UKI's actions.

As I can only consider what's happened up to the date of UKI's final response letter (dated 3 September 2025) I'm unable to consider UKI's handling of Mr P's claim after that date, or comment on those matters in this decision. Mr P is entitled to make a new complaint to UKI if he's unhappy with how it's handled his claim from that date onwards.

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 Mr P to accept or reject my decision before 28 April 2026.

Ifrah Malik
Ombudsman