

## The complaint

Mr and Mrs S are unhappy that Accredited Insurance (Europe) Ltd (“AIL”) declined their claim for dry rot and delayed confirming the outcome.

Mr and Mrs S jointly held buildings and contents insurance, underwritten by AIL, but, for ease of reading, I’ll refer mainly to Mr S throughout my decision.

When I refer to what Mr S said or what AIL said, it should be taken to include things said on their behalf.

## What happened

The background to this complaint is well-known to both parties, so I’ve summarised what I think are the key events.

In May 2024, after Mr S’s building contractors had identified dry rot and standing water under the floor, he claimed under his buildings insurance. AIL inspected the damage and reported that there was a solid concrete blockage in the rainwater pipe, likely caused by Mr S’s contractors when carrying out building work. The building contractor subsequently accepted responsibility for the blockage and repaired the drain. The dry rot was considered to be the result of inadequate drainage.

Communication between Mr S and AIL continued over the following months.

In February 2025, AIL declined Mr S’s claim. It said the problem with the drainage, and therefore the dry rot, was due to poor workmanship. It also said that because Mr S had work carried out before making it aware, AIL’s position had been prejudiced.

Unhappy with AIL’s decision to decline his claim after months of being led to believe it would be accepted, Mr S complained.

On 25 March 2025, AIL issued its final response to Mr S’s complaint. It said that when it inspected Mr S’s home, work was already underway. So it asked for additional evidence to help it reach a claim decision. AIL noted that Mr S had authorised the work, in excess of £30,000, without notifying it first. Two sections of the policy were quoted in the response, and AIL said the claim was declined due to poor workmanship, which was not a covered peril under the policy. AIL also pointed out that Mr S’s actions had prejudiced its position because it was unable to assess the damage prior to any strip outs. AIL recommended that Mr S seek legal advice regarding the building contractors responsible for the drainage problem.

Mr S didn’t agree that AIL had fairly declined his claim, or that it had reached a prompt decision, so he brought his complaint to us.

Our investigator upheld Mr S’s complaint in respect of the delay reaching the claim decision and he thought AIL should pay £400 compensation. However, our investigator thought AIL had declined the claim in line with the policy terms and conditions, so he didn’t think there

was anything for it to put right.

After an initial challenge, AIL accepted the investigator's view. But Mr S didn't agree. He accepted that the majority of the facts were correct, but he didn't think it was fair for AIL to decline his claim because he didn't ask for permission to complete work first. Mr S also asked under what circumstances dry rot might be covered under the policy, and he sought further consideration of the way AIL had misled him about the outcome of his claim.

The complaint was 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 uphold Mr S's complaint for broadly the same reasons as our investigator. While I realise this will come as a disappointment to Mr S, I'm not going to ask AIL to reconsider the claim or increase the compensation.

To begin with, I'd like to say that I appreciate my decision is brief in comparison to the evidence provided. Our rules don't require me to comment on everything and, given that there is little dispute about the facts, I see no benefit in repeating all of them here. Instead, I have focused on the disputed elements and giving the reasons for my decision.

The Financial Conduct Authority's rules (ICOBS 8.1.1) say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. I've considered this along with any relevant law, good practice, the evidence, and the balance of probability in reaching my decision. The policy sets out the detail of the contract between Mr S and AIL, which I've taken as the starting point for my decision.

AIL declined Mr S's claim because the policy excludes cover for:

*Any claim resulting from:*

*Mildew, fungus, climatic or atmospheric conditions, frost, wet or dry rot*

*Damage caused by or from poor or faulty design, installation, workmanship or materials.*

Our investigator explained that there can be circumstances in which dry rot might be covered, which is what Mr S more recently questioned. But that's not the case here. In Mr S's circumstances, AIL's investigation identified that standing water and poor drainage was the most likely cause of the dry rot. I note Mr S's contractor suggested there could be other contributing factors, but I'm more persuaded by AIL's evidence. That's because the evidence shows that other contractors agreed that the drainage was the most likely cause, and there's no firm evidence to indicate it was something else that contributed to the problem.

So, given the evidence, I find that the dry rot was, more likely than not, caused by the inadequate drainage, which in turn was caused by the concrete blockage. It follows, then, that the dry rot was more likely than not caused by the poor workmanship. The policy specifically excludes dry rot and damage caused as a result of poor workmanship. Therefore, I'm satisfied that AIL's decision to decline the claim for the reasons it gave are in line with the policy terms and conditions.

As part of its claim assessment, it was reasonable that AIL asked Mr S for evidence. Having considered his description of the circumstances, I'm persuaded that he might reasonably have believed AIL was gathering evidence to help it assess the value of the claim to be paid. While I haven't seen anything to show that AIL said it accepted the claim, I can understand why Mr S may have taken its comments and actions to mean it was a real possibility. Based on Mr S's comments, I think AIL could've handled matters more clearly from the start.

I've also looked at the circumstances of the delay in letting Mr S know that his claim had been declined. I understand AIL would've needed to consider the evidence it had obtained first, but I find that much of the evidence was available some months before it notified Mr S. The evidence indicates that AIL could've given Mr S an indication of its claim decision several months sooner. Therefore, I find that AIL didn't handle Mr S's claim as promptly as it should have done.

I've thought about the compensation our investigator proposed and, having done so, I think it's fair and reasonable in the circumstances. It reflects the period of months during which Mr S experienced delays which were avoidable, and the additional distress and inconvenience caused beyond that caused by the peril itself.

I uphold this element of the complaint and I'm satisfied that compensation of £400 is warranted.

### **My final decision**

For the reasons I've given, my final decision is that I uphold Mr and Mrs S's complaint and Accredited Insurance (Europe) Ltd must:

- pay to Mr and Mrs S £400 compensation in recognition of the avoidable delays.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S and Mr S to accept or reject my decision before 17 March 2026.

Debra Vaughan  
**Ombudsman**