

## **The complaint**

Mr O and Ms A complain about the actions of HDI Global Specialty SE after they made a claim under their home insurance policy.

Mr O and Ms A are joint policy holders. As most of the communication relating to the complaint has been from Mr O, I'll refer mainly to him in my decision.

HDI is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of its agents. As HDI has accepted it is accountable for the actions of the agents, in my decision, any reference to HDI includes the actions of the agents.

## **What happened**

In early 2022, Mr O arranged for a builder to carry out a loft conversion on his bungalow. Building works began in around April 2022.

Mr O says the builder disappeared before the works were completed. In December 2022, Mr O says he was looking at alternative builders to continue the project and he was in discussion with a company ("P"). Whilst these discussions were taking place, Mr O's roof collapsed.

Mr O contacted HDI who arranged for a loss adjuster to attend the property the same day. P was also present on site. It was decided that P should carry out work to make the building safe. Mr O says P was instructed to do the work by HDI's loss adjuster.

The loss adjuster arranged for the roof to be inspected by a structural engineer to determine the cause of collapse. Mr O says that when he enquired about a covering for the property to protect it from the elements, the engineer told him it would be dealt with by the insurance company. However, nothing was ever put over the damaged roof.

A couple of weeks later, Mr O was informed by the broker that HDI had refused to renew his insurance policy. He raised a complaint about this as well as its handling of his claim.

HDI informed Mr O that it wasn't covering his claim. It told him that an endorsement had been applied to his policy for the time his home was undergoing renovation, repair or structural works which meant the damage was excluded.

HDI didn't provide Mr O with a response to his complaint within the necessary timeframe, so Mr O asked our service to consider his concerns.

He said he'd contacted the broker in March 2022 to let it know about the building work that was to be carried out. At no time was he told that it invalidated his insurance. He questioned why HDI had gone through the whole procedure of loss adjuster, structural engineer and a prolonged review before arriving at its decision. He also queried who HDI thought would pay for P to make the building safe, and why he was told covering the building from the elements would be covered by the claim.

In the meantime, HDI responded to Mr O's complaint. It referred to a condition in the policy that required Mr O to inform the broker if there were changes to the details provided, which gave the example of the home undergoing structural alteration, structural repair, restoration or renovation. It said that as Mr O didn't inform the broker of building works, HDI decided to apply an endorsement with effect from 1 March 2022 for "*any loss, damage or liability caused by or arising from (his) home undergoing demolition, structural alteration or structural repair*". It also decided not to offer Mr O the opportunity to renew the policy because his property was not in a good state of repair and was undergoing building works.

Our investigator looked into Mr O's concerns, but he didn't think the complaint should be upheld. He didn't think it was unfair for HDI to have applied the retroactive exclusion and declined the claim. And he wasn't persuaded that HDI was responsible for paying the costs of making Mr O's property safe after the incident.

Mr O disagreed with our investigator's outcome. He said HDI's loss adjuster had instructed the builders to carry out work. This was because the loss adjuster was concerned that third party claims may be forthcoming to HDI should the side walls fall into the neighbouring property. Mr O said HDI was clearly taking responsibility and he couldn't see how he and Ms A would have benefitted from this work.

Mr O provided an email from his neighbour to support what he'd said about the loss adjuster instructing the builders. He also commented that an invoice he'd provided from P was addressed to him because he believed HDI had refused to pay the costs.

As Mr O disagrees with our investigator's outcome, the complaint has 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 not to uphold Mr O's complaint. I'll explain why.

When a policyholder makes a claim, the onus is on them to show that an insured event most likely caused the damage. When Mr O notified HDI of his claim, he told it a builder had begun work on his loft, but the builder had disappeared a few months before. According to HDI's notes, Mr O said scaffolding had been put up two days before and the roof had collapsed following this.

"*Accidental damage*" is listed as being one of the events covered by Mr O's policy. From what I can see, HDI sent its loss adjuster to Mr O's property the day he made the claim to assess the damage and provide HDI with information it needed to consider the claim. According to the loss adjuster's report, there was no clear indication as to the cause of the collapse, so a surveyor from another company was instructed to inspect the property once it was made safe.

If it's established that an insured event caused the damage an insurer can decline a claim if it can show, on balance, that an exclusion applies or a condition has been breached.

The policy's terms and conditions include a general condition which says:

*"Building work*

*If you are planning to have any structural work undertaken at your home for example an extension, demolishing any walls, renovation or any form of building work, you must tell us about any plans at least 7 days before the work commences. We will then assess the risk and provide any terms to the policy we deem necessary. We will not pay any claim for loss or damage caused by and/or arising either directly or indirectly due to the building work taking place, without prior agreement."*

Mr O says he told his broker about the building work prior to it commencing. However, the broker says it's checked the telephone numbers he's provided and has no record of this call. Mr O also hasn't been able to provide any evidence to show that he phoned the broker to let it know about the building work. So, I think it's reasonable for HDI to have concluded that Mr O didn't make it aware that building work was to be carried out.

As HDI wasn't aware of the building work prior to the claim, it referred the matter to its underwriters after seeking further information about the works from Mr O.

The underwriters made the decision to apply an endorsement with effect from 1 March 2022 as follows:

*"The following changes are made to Section 1: Buildings and / or Section 2 Contents:*

*Whilst your home is undergoing renovation, repair or structural works, cover will not be provided for:*

- *any loss, damage or liability arising out of the renovation, repair or structural work*
- *any loss, damage or liability arising out of the activities of contractors*
- *any loss or damage to Contents caused by theft or attempted theft unless there is physical evidence of forced entry to, or exit from, the Home"*

Given that Mr O appears to have breached the relevant policy condition, I don't think it was unreasonable for HDI to have applied a retroactive exclusion to the policy. It hadn't had the opportunity to assess the risk before building work commenced. The policy terms also allow HDI to decline claims for loss or damage directly or indirectly caused by building work taking place without prior agreement.

HDI has provided a copy of the report from the loss adjuster who visited Mr O the day after the roof collapsed.

Based on what I've seen, it seems likely that the damage was related to the structural work being carried out on Mr O's property or activities of contractors. So, I don't think it was unfair for HDI to decline Mr O's claim.

Mr O says he didn't instruct the builders (P) to carry out work on his property to make it safe. He says the instruction was given by HDI's loss adjuster to protect HDI's interests. He also says he was told that a covering would be placed over the property to protect it from the elements, but this didn't happen.

The loss adjuster's report from his initial visit to Mr O's property says:

*"... we arrived that afternoon to inspect the damage to discover the builders and the Insured at the property discussing how best to proceed with the safety of the building.*

*During our meeting with all parties we discussed options with regards to the removal or make safe of the property. Following various ideas, it was agreed to have the builders team*

*remove the tiles and bricks from the roof to avoid further collapse towards the neighbours dwelling or into the house itself. We advised the Insured that this was for safety and not an agreement of liability for the potential claim. The insured agreed with our thoughts / reasoning and accepted that all costs are likely to remain for his consideration as policy liability is unlikely to engage."*

Mr O has given a different version of events. He's adamant that HDI instructed P to carry out the work to make his property safe and he didn't agree to cover the costs himself. He's also provided an email from his neighbour which says he witnessed the loss adjuster instructing P to carry out work to make the structure safe and he took it that the insurance company was agreeing to pay.

I can't be sure of exactly what was said during the loss adjuster's initial visit. I've needed to consider what I'm more persuaded by and the loss adjuster's report contains a more detailed account of what was said. And I think it's unlikely that an insurer would have accepted liability for making the property safe so early in the claim. I also haven't seen any information to confirm what Mr O says he was told about a protective covering being placed over his property.

Even if there was some confusion about these matters, I don't think Mr O has lost out because the claim wasn't covered due to the endorsement on his policy. So, HDI wasn't required to protect his property from the elements and Mr O was always going to have to pay the costs of making it safe.

I know my answer will be disappointing for Mr O and Ms A, but overall, I think HDI has acted fairly and reasonably, in line with the policy's terms and conditions. So, I don't require it to do anything further.

### **My final decision**

For the reasons I've explained, I don't uphold Mr O and Ms A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A and Mr O to accept or reject my decision before 28 September 2023.

Anne Muscroft  
**Ombudsman**