

The complaint

Mr K is unhappy U K Insurance Limited turned down a claim he made on the rent guarantee section of his landlord insurance policy.

What happened

In July 2022 Mr K contacted UKI as he wanted his landlord insurance policy to assist with the repossession of a property he rented out. That claim progressed but UKI told Mr K it wouldn't be covering a related claim under the rent guarantee section. It said the policy didn't cover a claim for rent arrears where that was reported more than 90 days after a policyholder should have known about the insured incident. In this case the rent arrears began in November 2020 and the claim hadn't been made until July 2022.

Our investigator agreed the claim hadn't been made in time. She noted Covid-19 restrictions limited the action landlords could take for some of this period but those had been lifted entirely by September 2021 and the claim wasn't made until July 2022. She accepted UKI could have taken action to protect its position if the claim had been made earlier. And she was satisfied the date of occurrence was from when the arrears started to accrue and didn't restart with each missed payment. She thought UKI had fairly turned the claim down.

Mr K didn't agree. He said the '*insured incident*' in this case was rent arrears which the policy defined as unpaid rent. And it wasn't known whether the cause of each missing rental payment was the same. He thought each missed rental payment should be treated as a fresh breach and UKI should make payment for the arrears that accrued in the 90 days before Mr K made his claim.

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.

I've looked first at the terms and conditions of Mr K's policy. This does set out (within the legal expenses section) a number of 'Insured Incidents' which include 'Rent Guarantee'. And the wording of that section says, subject to other terms and conditions, "*We will pay Your Rent Arrears while Your tenant or ex-tenant still occupies the property*"

The policy defines Rent Arrears as "*Unpaid rent that is owed to You under a tenancy agreement, or would have been owed to You but for the breach of a tenancy agreement to let Your property: where [the insurer] have accepted Your claim under insured incident J (b) Repossession.*"

But the rent guarantee section says it doesn't cover "*a claim for Rent Arrears reported to [the insurer] more than 90 days after the date You should have known about the Insured Incident*". And the legal expenses section contains a general exclusion for "*any claim reported to [the insurer] more than 180 days after the date the Insured Person should have known about the Insured Incident unless the relevant cover specifies a different period*".

In this case it's not in dispute Mr K reported his claim outside of those timeframes. The rent arrears began in November 2020 and by January 2021 three months were unpaid. The tenant did then make some payments but the arrears were never close to being cleared and at the point Mr K made his claim amounted to over £12,000.

Mr K's thinks each missed rental payment represents a new event. So the rent that was due in the 90 days prior to him reporting the claim should be covered as he's met the policy reporting requirements in relation to that. But I think it's reasonable to take into account that the relevant section of the policy defines 'date of occurrence' as *"the date of the event that leads to a claim. If there is more than one event arising at different times from the same originating cause, the Date of Occurrence is the date of the first of these events"*.

I think a fair application of that term to the circumstances here is that it's the first in a connected series of missed payments that needs to be reported in time to UKI. And I think it's clear there has been an ongoing issue with Mr K's tenant paying rent since November 2020. I haven't seen anything to show the more recent rent arrears weren't a continuation of that ongoing chain of missed or intermittent payments by the tenant.

I've not for example seen any evidence to show there was some change in the tenant's circumstances which led to there being a different originating cause for the more recent rent arrears. As I've already found at no point did the arears come close to being cleared. Nor did the tenant resume a regular payment schedule. So the claim should have been notified to UKI within 90 days of Mr K becoming aware of the first of those insured incidents. He didn't do that. I'm satisfied the exclusion has been applied in line with the policy terms.

I've gone on to consider whether UKI has done so fairly. I understand due to Government Covid-19 rules, between November 2020 and 31 May 2021 it wasn't possible to deliver a notice of eviction. But I understand those temporary rules were lifted from the start of June 2021. And Mr K didn't tell UKI about his claim until July 2022; thirteen months later by which time the arrears had roughly doubled. It also appears proceedings Mr K had taken prior to contact with UKI weren't commenced within the correct timeframe.

So I think UKI's position was impacted by the late notification as there was action it could have taken to protect its position if it had been involved at an earlier stage (such as appointing solicitors and providing advice on next steps). As a result I think UKI acted fairly and reasonably in turning down the claim Mr K made under the rent guarantee section of his policy.

My final decision

I've decided not to uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 7 November 2023.

James Park
Ombudsman