

The complaint

Miss G complains that Fairmead Insurance Limited turned down a claim made under a home insurance policy that covers her rental property. She also complains about Fairmead's handling of the claim.

Any reference to Fairmead includes the actions of its agents.

What happened

Miss G holds home insurance with Fairmead for a property she rents out. In March 2022 she made a claim for a water leak that had caused damage to the bathroom.

Fairmead's loss adjuster asked Miss G for estimates for the repair. She provided these, though the repairs had been carried out. The loss adjuster thought the damage may fall under a policy exclusion for rot and anything that happens gradually. Miss G complained to Fairmead that it hadn't paid the claim, and about its handling of the matter. Fairmead issued a final response on 28 July 2022. It confirmed further investigations were needed and so it had referred the matter to a specialist team.

Miss G brought her complaint to this Service. My ombudsman colleague made a final decision about that complaint on 4 January 2024. He concluded that Fairmead hadn't been obliged to pay the claim as of 28 July 2022, and that its investigation of the claim up to that point had been reasonable.

Fairmead carried out further investigations into the claim. It had some concerns that a document from the contractor had been created by Miss G's managing agent. It interviewed Miss G and let her know of its concerns. Miss G then made a second complaint to Fairmead in December 2022 about how her claim had been handled and that it still hadn't been accepted.

In January 2023 Fairmead turned down the claim. It concluded the damage had been caused by a longstanding issue and was therefore excluded under the policy.

Fairmead issued a final response to Miss G's second complaint on 19 January 2023. It reconfirmed its decision to turn down her claim, and explained that its claims decision had been delayed because it needed to refer the matter to its specialist team. Unhappy with this response, Miss G brought her second complaint to this Service.

Our investigator didn't recommend the complaint be upheld. She concluded that Fairmead's claims decision had been reasonable based on the damage being gradual. She also thought Fairmead had been entitled to investigate its concerns about the claim.

Miss G didn't accept our investigator's findings, and so the matter has been passed to me for a 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.

My ombudsman colleague has already considered events up to 27 July 2022. I've therefore only considered events after this date, up to the date Fairmead issued its final response on the matter on 19 January 2023.

Fairmead's handling of the claim

After Fairmead had referred the matter to its specialist team to look into, an interview took place between Fairmead and Miss G. Fairmead let her know that it had found out one of the documents provided by her contractor had been created by her managing agent, and that it was concerned about potential fraud.

The policy says the policyholder or anyone acting for them must not submit a document in support of a claim knowing the document to be forged or false in any respect. I'm therefore satisfied that Fairmead was entitled to look into this, and that this delayed Fairmead making a claims decision. After further consideration, Fairmead decided that Miss G hadn't acted fraudulently and therefore didn't turn down the claim due to fraud. So I don't need to consider this any further.

There was then some further delay as Fairmead decided to get in touch with the contractors for more information about the damage. I find it was reasonable for Fairmead to do this. Two of the documents provided referred to the bathroom floor as being rotten but Miss G disputed this. So Fairmead wanted further information about this.

Once Fairmead was able to get in touch with one of the contractors and obtain further information, it made its claims decision soon after.

I don't find that Fairmead caused any unnecessary delays in progressing the claim.

Fairmead's decision to turn down the claim

The policy covers loss or damage caused by an escape of water from fixed water tanks, heating installation apparatus or pipes. However, it excludes loss or damage directly or indirectly caused by or resulting from anything that happens gradually.

It's accepted by Fairmead that the damage was caused by a water leak, which is an insured event. It's not alleging that wet or dry rot caused the damage. However, Fairmead thinks the damage happened gradually, which is excluded under the policy.

The plumber fixed the leak in February 2022. His invoice dated 3 February 2022 said '*Leak has rotted floorboards...*'

A quote provided by a maintenance company on 10 March 2022 said it would need to take up the rotting floor.

The builder that carried out the repairs has said the damage to the bathroom floor was a result of a water leak and not dry rot or wet rot.

The loss adjuster spoke with the maintenance contractor. I've read the notes provided by the loss adjuster of this call (we've checked, and the call wasn't recorded). The contractor said they were very familiar with the property, and told the loss adjuster there were long standing

problems in the bathroom which had resulted in the rotting of the floorboards. The contractor told the loss adjuster he was aware that the tenants of the property had reported the matter to the managing agent on numerous occasions, but no action had been taken.

I find it was reasonable for Fairmead to conclude that the leak had been ongoing and therefore the damage to the bathroom had likely happened gradually. The plumber referred to the leak rotting the floorboards, but the leak was fixed shortly after Miss G said it had been discovered. It seems unlikely that the flooring would become so damaged by water in such a short time that they would be described as rotten. Also, the evidence from the maintenance company supports that the issue had been ongoing for some time.

In cases such as this we consider whether the consumer was aware, or ought reasonably to have been aware, that the damage was happening gradually. It seems the tenants were aware of the issue and had reported this to the managing agent, who acted on Miss G's behalf. So I think it's reasonable to say that Miss G/her agent was aware of the damage happening gradually, and therefore Fairmead was entitled to turn down the claim.

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 Miss G to accept or reject my decision before 12 February 2024.

Chantelle Hurn-Ryan
Ombudsman