

The complaint

Mr and Mrs H complain that QIC Europe Ltd declined a claim they made under their home insurance policy for a drainage problem.

Mr H has primarily dealt with things so, for simplicity, I'll refer to him only.

Reference to QIC includes its agents and representatives.

What happened

As the circumstances of this complaint aren't in dispute, I'll summarise what's happened.

- Mr H noticed his kitchen sink wasn't draining and got in touch with a plumber. They found a problem with an underground pipe and said the kitchen floor would need to be excavated to put it right. He got in touch with QIC.
- QIC appointed a surveyor, who inspected the problem. They said the damage was consistent with the circumstances described by Mr H, so 'a valid claim may be considered, and later commented on what had been damaged. But their report didn't offer an opinion about whether the claim was covered by the policy.
- Mr H employed a builder, who said the kitchen drain was blocked, and the kitchen had suffered damp damage, due to a problem with the pipes. I understand Mr H paid to have the pipework put right and the floor re-laid. He says there remains damp damage in the kitchen, and that would cost significantly more to repair.
- QIC appointed a drainage company, who said there was no evidence of accidental damage and that meant the claim was declined. It didn't inspect the problem or carry out any investigations of its own – it reviewed what Mr H's builder had said.
- Mr H complained. QIC said the damage to the pipe didn't meet the relevant policy definition. And the surveyor had found no evidence of water damage in the kitchen.
- Our investigator thought the complaint should be upheld in part. She agreed with QIC that the pipe problem didn't meet the policy definition and could fairly be declined. But she thought water damage had been identified to the kitchen. And she noted the policy covered the cost of trace and access and water damage to kitchen appliances, so QIC should cover the relevant costs of these things. She also asked QIC to pay £200 compensation for the distress and inconvenience caused.
- QIC didn't think this was a fair outcome. It said it had been unable to identify any water damage to the kitchen or the contents. Because it thought there was no evidence of escape of water damage, and the pipe damage wasn't covered, it said the policy wouldn't offer cover for trace and access in isolation.

- Our investigator wasn't persuaded to change her mind, so the complaint has been passed to me.

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 agree with the position reached by the investigator. I'll explain why.
- The policy covers a number of things. The relevant ones in this case are:
 - Damage to the building caused by an escape of water *and*
 - The cost of removing parts of the building to find the source of the escape of water *and*
 - 'Accidental damage' to underground pipes *and*
 - 'Accidental damage' to contents.
 - In both cases, 'accidental damage' is defined to mean "sudden, unexpected and physical damage which happens at a specific time, was not deliberate and was caused by something external and identifiable.
- I'll consider each separately.

Underground pipes

- I understand Mr H's point that the pipework damage was accidental in the broad sense – it wasn't expected or deliberate. But, based on what Mr H's builder said, I'm not satisfied the specific policy definition of accidental damage was met.
- The pipes were described as 'cracked and fallen apart'. It's not clear if that happened suddenly, at a specific time or as a result of something external and identifiable. They were deep underground and no particular cause of damage has been identified. So, on the balance of probabilities, I think they were likely to have gradually deteriorated.
- I know QIC's drainage contractor didn't inspect the problem for itself. But I think it was entitled to rely on the comments of Mr H's builder, who had inspected it.
- This means I'm satisfied it was fair for QIC to decline the claim for the pipes.

Escape of water

- Mr H's builder was clear that the kitchen had been damaged by water escaping from the pipes. They described 'floor grout darkened with mould', 'a musty smell in the kitchen units', and said 'the base units and floor trims are not fit for use due to the damp damage caused'.
- Mr H has also provided a video of the builder saying the flooring was 'soaking wet'. And pictures he's provided show water damage in the kitchen.
- QIC's surveyor didn't offer an opinion about whether the claim was covered by the policy. But they did say the damage included base units, worktop and floor tiles.
- So it seems clear to me that there was damage as a result of the escape of water. That means QIC should cover any damage caused in this way.

Trace and access

- The policy will also cover the cost, up to £10,000, of removing parts of the building to find the source of the escape of water. Here, there were clearly costs involved in removing parts of the kitchen and excavating the floor to find the leaking pipe.
- This part of the policy doesn't depend on a claim for the pipe itself being successful – it's reliant on there being an escape of water, which there clearly was.
- That means QIC should cover the costs, up to the limit, of trace and access.

Contents

- Mr H's builder said water damage had been caused to the dishwasher and cooker.
- I'm satisfied the damage to these items does meet the definition of accidental damage as set out in the policy. That means QIC should cover any damage caused in this way.

Compensation

- Much of the claim was unfairly declined and, as a result, that's caused a delay settling it and carrying out further work to the kitchen. So I think Mr H has been caused some avoidable distress and inconvenience. I'm satisfied £200 compensation is an appropriate remedy to that.

Next steps

- Mr H should obtain a breakdown of the cost of the trace and access work only – as the cost of repairing the pipe itself isn't covered. QIC should pay that cost, up to the £10,000 policy limit. It should add interest to that payment.
- If Mr H has paid anything to repair escape of water damage, that isn't part of the trace and access work, he should also obtain a breakdown of that cost. QIC should pay that cost, subject to the excess and any applicable policy limits, plus interest.
- If any escape of water damage remains, QIC is entitled to consider how to settle that under the policy terms. Similarly, QIC is entitled to consider how to settle the contents damage under the policy terms. An excess and policy limits may apply.

My final decision

I uphold this complaint.

I require QIC Europe Ltd to:

- Pay for trace and access and escape of water damage, as set out above.
- Pay interest on this payment at 8% simple per year, from the date(s) Mr H paid for the work to the date of settlement*.
- Accept the claims for any remaining escape of water and/or contents damage.
- Pay £200 compensation

*If QIC considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr and Mrs H how much it's taken off. It should also give Mr and Mrs H a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs H to accept or reject my decision before 8 January 2024.

James Neville
Ombudsman