

The complaint

Mr B and Mrs B complain about the policy excess fees charged by Liverpool Victoria Insurance Company Limited (LV) following a claim he made under his home buildings insurance policy.

I will refer to Mr B throughout my decision for ease.

What happened

Mr B says he drilled into a heating pipe whilst hanging a mirror in his downstairs lavatory. This caused dirty water to spray forcefully throughout the room and into the hallway and stairs. To minimise the damage Mr B entered the attic and stopped the water tank from re-filling. He then drained the system by attaching a hose to the radiator drain in the lavatory.

Mr B contacted LV to report the incident and register a claim. He says its agent told him he had accidental damage insurance, which meant cover was provided for this incident. However, a £350 'escape of water' excess fee would apply rather than the £100 excess fee for accidental damage. Mr B disputed this as he felt the claim came under his accidental damage cover. But LV maintained the higher charge.

The next day Mr B says a plumber fixed the hole in the heating pipe and told him to allow the system to refill. Unfortunately, the fill valve in the water tank had become stuck and the tank overflowed. This caused water damage to ceilings and into Mr B's dining room. He contacted LV again and he was told this would be treated as a separate claim with a further £350 excess fee.

Mr B didn't think this was fair. He says the overflow from the water tank was a direct consequence of his initial claim. He says this only happened because he tried to mitigate the damage he'd caused by drilling through the pipe. Had he not taken this action Mr B says the damage would've been far worse as the whole of the downstairs would've been flooded. He raised a complaint with LV, but it didn't change its mind.

In its final complaint response LV says the majority of the damage was caused by an escape of water. It says this justifies the excess fees it charged Mr B. LV says there were two claims. The first was the result of Mr B drilling through a pipe. The second was the result of a stuck fill valve in his water tank.

Mr B didn't agree with this outcome and referred the matter to our service. Our investigator didn't uphold his complaint. He says the policy terms don't clarify the approach that will be taken in this situation. Our investigator says the add-on accidental damage cover Mr B has is usually associated with damage not covered by standard insurance. He says LV has classified the claim under its standard building's insurance cover. He thought this was fair.

Our investigator says the two incidents happened at different times and in a different place. He thought LV had acted reasonably when recording these incidents separately.

Mr B disagreed and asked for his complaint to be considered by an ombudsman.

It 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 B's complaint. I'm sorry to disappoint him, but I'll explain why I think my decision is fair.

I've read Mr B's policy terms and conditions to see if it provides clarity on this situation. Specifically, whether LV should consider the claims he made as one incident or two. The definition section of the terms includes the following information:

"Claim – a single loss or series of losses arising from one incident or illness"

I acknowledge Mr B's argument that he wouldn't have touched the fill valve in his attic if he hadn't drilled through the heating pipe. Therefore, he feels the overflowing tank was a consequence of the drilling incident and should be considered one claim.

I understand his point of view. But I think the losses that resulted from the drilling incident include the damage to the pipe and the wider damage resulting from the escape of water. Referring to the policy definition of a claim, I don't think a *"series of losses"* reasonably incorporates the damage that occurred a day later, as a result of the stuck valve.

As our investigator pointed out, these incidents, which caused the damage, occurred in different parts of Mr B's home and on different days. I'm satisfied there is clear evidence these events occurred separately. So, I don't think LV acted unfairly when registering two separate claims in these circumstances.

I've thought about whether it was fair for LV to charge a £350 excess fee for the drilled pipe claim. I acknowledge Mr B's comments that its agent told him his accidental damage insurance provided cover for this claim. I also acknowledge what LV says about the majority of the damage, from the drilled pipe, being caused by an escape of water. I've looked at the policy terms to see what they say should happen in these circumstances. The terms say:

"Accidental damage – damage caused suddenly by external means which is not expected and not deliberate."

And:

"Excess – the first amount of any claim which you must pay. The excess is shown on your personal details."

The renewal documents Mr B received say:

"Excesses - Escape of water £350 - All other claims £100"

And:

"Standard accidental damage"

- *To fixed glass including windows, bathroom suites, solar panels and hobs that are part of the buildings.*
- *Any mirrors, glass or ceramic tops that form part of the furniture in your home.*
- *To home entertainment equipment while in your home or garden."*

Also:

“Standard accidental damage to underground drains/pipes

- *For cables, underground pipes and drains (and their inspection covers) that provide services to and from your home.*
- *The reasonable cost of breaking into and repairing an underground pipe to clear a blockage between the main sewer and your home if normal methods of unblocking have been unsuccessful.”*

In the Insurance Product Information Document (IPID) it says:

“Optional Covers available:

- *Additional Accidental Damage Cover – Extended protection for accidents such as:*
- *Putting a foot through the lost ceiling*
- *Damage caused by children or pets*
- *Spills and stains”*

I don't think the standard accidental damage insurance covers the scenario with Mr B's drilled pipe. However, this would fit more reasonably with the accidental damage-add on cover I can see he has included with his policy. That said the policy terms aren't specific on how a claim will be categorised in these circumstances.

I can see that damage was caused to vinyl tiles, plasterboard, a skirting board, the carpet in the hallway, and to the recently painted walls in the lavatory. This was the result of dirty water spraying out of the ruptured pipe. Work was also required to repair the pipe by a plumber. But I think it's clear that the majority of the damage resulted from the escape of water.

Having considered this point carefully, I don't think it was unreasonable for LV to categorise both claims in the way it did. An escape of water is what caused the bulk of the damage from the drilled pipe and all the damage that resulted from the overflowing water tank.

I'm sorry Mr B's home was damaged. I appreciate this must have been very distressing. It's unfortunate that the water tank overflowed causing more damage after the initial issue with the drilled pipe was resolved. But based on what I've read, I don't think LV treated Mr B unfairly here. So, I can't reasonably ask it to do anymore.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 9 August 2023.

Mike Waldron
Ombudsman