

## **The complaint**

Mr and Mrs S have complained about the refusal of a claim under their home buildings and contents insurance policy with Lloyds Bank General Insurance Limited.

## **What happened**

Mr and Mrs S use a range oven as the primary heating and hot water to their property (as well as cooking). In September 2022, they made a claim under the policy with Lloyds after the expansion vessel which serves the range, over pressurised and caused water damage to the range which meant it had to be replaced.

Mr and Mrs S say the system was serviced on 8 September 2022 and they then started to use it on a daily basis from 20 September 2022. Mr and Mrs S say they noticed the pressure dropping and topped up the pressure in the system a few times. Then on 22 September 2022 they noticed water leaking from under a kitchen base unit next to the range. Mr and Mrs S called an engineer to stop the leak and test the range. The engineer said the range was beyond repair following water damage as a result of failure of the expansion vessel. Mr and Mrs S contacted Lloyds to make a claim under their home buildings and contents policy for the repairs required as a result of the water leak and for the replacement cost of the range.

Lloyds said there would be cover for any damage to the kitchen units caused by the leak but not the cost of replacement of the range, as it said that while the policy covers accidental water damage caused by an escape of water from a fixed water or heating system, it does not cover the damage to the water or heating system itself. Lloyds said the expansion vessel was part of the sealed heating system and as such the damage to the range itself is excluded.

Lloyds also said that the claim would not be covered by any other section of the policy, including the sections covering accidental damage, as there is a general exclusion to the whole of the policy for damage resulting from mechanical failure, which it says applies in this instance. Lloyds did however offer £150 compensation for not dealing with the complaint sooner.

Mr and Mrs S were unhappy with this. They ordered a new range at the end of September 2022 but had to wait several weeks for it to be manufactured and installed. They want reimbursement of this cost (approximately £13,400) and compensation.

One of our Investigators looked into the matter. She did not recommend that it be upheld, as she was satisfied that Lloyds was entitled to reject the claim for the reasons it did.

Mr and Mrs S did not accept the Investigator's assessment, so the matter was passed to me.

Mr and Mrs S made a number of points in support of their initial complain and in response to the Investigator's assessment. I considered everything they have said and have summarised the main points below:

- They provided a report from an engineer that the pressure vessel failed, which caused pressure to surge within the system and feedback into the range. But the water damage was not caused by anything within the range itself. The expansion vessel is external to this appliance.
- The failure to the range was due to pressure primarily and not damage by water itself except as a force, and therefore this should not be considered under the “*escape of water*” section of the policy but is covered under the “*accidental damage*” sections of the policy.
- The policy defines accidental damage as requiring an outside force and there was an outside force and pressure damage on the seals within the range.
- The excess pressure also caused damage to their main cooking appliance (as the range functions as a cooker and heating appliance) so they therefore have a separate claim for accidental damage to their cooker.
- The range was only 13 years old and they should last 35-40 years typically. The policy covers accidental damage. This was an accidental event which caused damage to the range, which should clearly be covered under the contents or buildings parts of their policy.
- There was no mechanical failure in the range prior to the excess pressure event and there may not have been a mechanical fault at the time of the accidental damage but the continued pressure finally caused the failure of the range, as a secondary event.
- They were without the range for around six weeks, which caused them additional costs heating the house and supplying hot water and caused them suffering and anxiety. Lloyds was indifferent to their position. The matter should have been prioritized.

Additionally, the insurance policy was and is misrepresented, mis-sold at a premium charge which gives a fair and balanced representation that reparations are due.

Mr and Mrs S also queried the policy document that the Investigator had referred to. The policy document initially provided by Lloyd’s was not the one in force at the time of the claim. I asked Lloyds to provide a copy of the policy document that was issued to Mr and Mrs S when they renewed the policy. It has done so and it accords with the references Mr and Mrs S have made to the terms of the policy.

I issued a provisional decision on the matter in July 2023, in which I said:

“Mr and Mrs S’s policy provides cover for damage to the buildings, including the building’s and fixtures and fittings, as well as the contents, as a result of certain specified events. I have considered the parts of the cover which might be relevant to this claim.

#### Escape of water

This part of the buildings section of the policy says:

*“9 Escape of water from any domestic appliance or any fixed water installation.*

*For example a washing machine, dishwasher, freezer, heating system or water main.”*

However, it also specifically excludes:

*“The cost of repairing the domestic appliance or fixed domestic water installation itself...”*

The contents section of the policy has the same cover and the same exclusion. As both the buildings and contents sections of cover have the same wording and the same exclusion, in my opinion it would make no difference if the range was considered as a fixture of the building or an item under the contents part of the policy.

The report provided by Mr and Mrs S dated 4 February 2023 from their engineer says that he inspected the system on 27 September 2022:

*”I had hoped that the water leak ...would be from the heating flow and return pipework connections. However, on close inspection of the ...[range] it became clear that all the connecting fittings and pipework were sound and that the water ingress into the kitchen had come from within the ...[range]. The expansion vessel within this closed heating system should have maintained the correct level of pressure. The pressure vessel diaphragm failed...causing the accidental backpressure within the system which found a path of least resistance back to the ...[range] boiler unit”.*

While this report refers to “*accidental backpressure*”, it seems to me that it makes clear that the leak was due to the failure of a component of the heating system. The engineer confirmed it was a closed system and it seems reasonable to me to consider the expansion vessel and the range to be two components of the closed heating system.

It seems to me that it wasn't the escape of water that damaged the range but the pressure build up within the system (which the range is a component of) which is what caused the water to escape from the system and damage the kitchen. It is this section of cover which would be triggered to cover the costs of repairing any damage to the kitchen units caused the escape of water from the range. However, I do not think it was unreasonable of Lloyds to refuse cover for the range itself under this section of the policy.

#### Accidental damage

There is cover for “*accidental damage to services*” but this is only for underground cables, pipes, drains and tanks and I don't think either party considers this to be relevant. But there is also cover for accidental damage to the buildings and contents. This section of the policy says:

*“Accidental damage cover...*

*What we cover*

*Accidental damage to the buildings of your private residence...*

*Examples of accidental damage are smashing a window, cracking a bathroom sink or putting your foot through the ceiling whilst in the loft. These have to be sudden, unintentional and unexpected one off incidents.*

*It does not mean damage caused by wear and tear or lack of maintenance, mechanical faults, or damage which is deliberate or occurs gradually over time. So for example, if your boiler breaks down, or your roof leaks due to its age or lack of maintenance, you would not be covered.”*

The contents section of cover also provides some cover for accidental damage. And says in the context of household contents:

*“examples of accidental damage are a television falling from a wall bracket or a hot coal falling from a fire and scorching the carpet. These have to be sudden, unintentional and unexpected one off incidents.*

*It does not mean damage caused by wear and tear, mechanical faults or damage which is deliberate or occurs gradually over a period of time. So, for example, if your carpet developed a hole due to regular use over time, or your television simply stops working, you would not be covered”.*

Both the buildings and contents sections state that accidental damage is defined as being:

*“An accident that causes physical damage which is caused suddenly by an outside force and is not expected and not deliberate”.*

Mr and Mrs S say what happened to the range meets this definition of accidental damage and there is no exclusion to the accidental damage section of cover under the buildings or contents parts of the policy that would apply to the circumstances of their claim.

I do not agree. ... [I do] not think the failure of a component of the heating system would be considered to be *“caused suddenly by an outside force”*. Mr and Mrs S suggest that it the mains water might have been the cause but it seems clear from their engineer’s report that he thinks it was a failure of the expansion vessel. They also suggest that the water that backed into the range was an outside force on the range but as I consider it reasonable to treat the range and expansion vessel as components of the heating system, I do not agree that the water that damaged the range was an outside force, rather it was an internal failure.

So, while this was an unexpected and sudden one-off event, I do not think the failure of a component in this way amounts to damage caused by an outside force.

I do not therefore think Lloyds acted unfairly in refusing cover under the accidental damage sections of cover for buildings or contents.

#### General exclusion for mechanical failure

The policy also contains a general exclusion to all sections of the policy which says:

*“This policy does not cover:*

*Uninsurable causes*

*Any loss or damage caused by: ...*

- *Wear and tear ... Examples of wear and tear include...an electrical or mechanical item, for example, televisions or computers breaking down due to age...*
- *Mechanical or electrical faults or breakdowns...”*

I think this exclusion would apply to the claim as well. The expansion vessel broke down, which resulted in damage to the property but that would in my opinion amount to a mechanical breakdown.

Having considered everything, I do not think Lloyds has acted unfairly or unreasonably in refusing cover for the cost of replacing the range.

Mr and Mrs S also say the policy was mis-sold and the premium charged by Lloyds has given them a reasonable expectation of cover for this loss. The initial complaint to us did not include anything about the policy being mis-sold and so I cannot consider this in the context of this decision. Whether there is cover or not will depend on the policy terms and conditions and for the reasons set out above, I do not consider that there is cover for the cost of the range under their policy.

Given this, I also do not think that Lloyds is responsible for any inconvenience caused by Mr and Mrs S being without the range while it was being replaced. They have said Lloyds didn't prioritise the case but I can't see there was any delay in assessing the claim. There was some delay in responding to the complaint and Lloyds has provided some compensation for that. I consider that to be reasonable and do not think I can reasonably require Lloyds to do anything more."

I invited both parties to respond to my provisional decision with any further information or arguments they want considered.

Lloyds has confirmed it has nothing further to add.

Mr and Mrs S have also responded. They say that they respect my provisional decision in relation to the claim as it relates to the heating functions of the range but that they have logged a separate claim with Lloyds for damage to the cooking facility of the range as a result of escape of water.

Mr and Mrs S say that the cooking facility (which includes two ovens) was an integral but separate part of the range and "*was damaged by a different proximate cause (i.e. high pressure escape of water from the sealed boiler unit damaging all the integrated internal electric boards and relay systems.*" Essentially they say that damage from the boiler parts damaged the cooker and therefore the whole range. Therefore Lloyds has refused the original claim without exercising due diligence and considering properly that there is a claim for damage to the cooking facilities, which they say is covered by the policy.

### **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.

As set out in the background section of my provisional decision, Mr and Mrs S did raise previously that they thought they had a separate claim for loss of cooking facilities. In my provisional decision I considered whether there was cover under the buildings section of the policy, which covers the buildings and fixtures and fittings (which would normally include a boiler and central heating systems and built in appliances) and I also considered in my provisional decision whether there was cover under the contents section of the policy (which might be relevant to standalone appliances).

I concluded that both parts of the policy had similar wording which essentially excludes cover for damage to the appliance that was the cause of the escape of water. I concluded that the range (which would reasonably be interpreted as including the ovens, as they are not

separate appliances) and the expansion vessel (which was the source of the fault) were components of a system. The originating cause of the damage was the fault with the expansion vessel, which then resulted in an escape of water. This may have caused additional damage to other components of the range but in my opinion the fact remains the expansion vessel and range are components of the same domestic appliance which caused the escape of water. I therefore provisionally concluded that it was not unreasonable for Lloyds to refuse cover for the range itself.

I also concluded that there was no cover under the accidental damage section and that the general exclusion for mechanical breakdown would also likely apply.

Having considered all the evidence provided to me, I see no reason to change my provisional findings.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs S to accept or reject my decision before 27 September 2023.

Harriet McCarthy  
**Ombudsman**