

The complaint

Mrs M complains as an Executor of the estate of Mr P about Ageas Insurance Limited's ("Ageas") decision to decline a claim under the late Mr P's buildings insurance policy.

What happened

Mrs M says she walked into her late parents' property and noticed significant damage which had been caused by leaking water. Mrs M reported this to Ageas, who initially sent Mrs M an email containing a link to a video which said her claim had been accepted. Ageas then later declined the claim. Mrs M complained about Ageas' decision and about them back-tracking on their decision. Ageas responded and explained they were treating the incident as an escape of water. They said an endorsement was added to the policy after Mrs M made them aware the property would be unoccupied. They explained this removed cover for certain events – and this included escape of water. Ageas acknowledged an automated email was sent to Mrs M after she reported the claim, and the opening dialogue would've led to confusion. Ageas accepted there was misinformation here and apologised.

Our investigator looked into things for the estate of Mr P. He thought Ageas hadn't acted unfairly in declining the claim and the apology was fair for the misinformation. The estate of Mr P disagreed so the matter has come 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.

Having done so, I've decided not to uphold the complaint. I understand Mrs M will be disappointed by this but I'll explain why I have made this decision.

My starting point is the late Mr P's buildings insurance policy booklet. This sets out the terms and conditions and defines 'water leakage' as "*Water leaking from or freezing in any fixed domestic water or drainage installation, heating installation, washing machine, dishwasher, water bed, fish tank, refrigerator or deep freeze cabinet.*" Beside the definition is a section which sets out what isn't insured, and this says "*The damage when your home is unoccupied (for 60 days or more in a row)...*" I can see, after Mrs M reported to Ageas that Mr P had passed away and the property was unoccupied, they added an endorsement to the policy. This says "*When your home is unoccupied for 60 days in a row...the following cover is excluded from all sections of the policy:...escape of water...*"

The first point I've looked at is whether it's reasonable for Ageas to treat the incident as an escape of water. I can see, when Mrs M first reported the claim to Ageas, they made a note which says Mrs M went to her late parents' property to check on it and discovered a water tank pipe in the loft had burst, and she believes this was due to freezing. Ageas maintain the appropriate peril here is escape of water, but I can see Mrs M believes this should fall under water damage resulting from a burst water pipe – which she believes shouldn't be excluded under the policy.

Looking at the perils listed in the policy booklet, and in applying the claim circumstances to this, I don't think it's unreasonable for Ageas to take the view that the claim falls within the water leakage peril. I can't see there's any dispute that the property was unoccupied for 60 days in a row prior to Mrs M noticing the incident. And that being the case, I don't think it's unfair for Ageas to rely on the endorsement here to support their decision to decline the claim. The endorsement does specify that an escape of water event would be excluded from all sections of the policy if the property has been unoccupied for 60 consecutive days.

I note Mrs M says the endorsement set out a long list of restricted areas of cover, and given how long it was, whether the list was provided in writing or read out over the phone, no areas of cover stood out as being significantly more important than the other. Mrs M believes the term 'escape of water' was hidden amongst this long list. I do acknowledge Mrs M's points, but I've seen the endorsement and it's set out in a section on its own and is preceded by a statement which explains that an endorsement is a clause that changes or applies conditions to the cover provided. It goes further to say "*Please read these carefully so that you understand fully how they affect the cover provided by your insurance. If you do not comply with the terms of the endorsements this may restrict or invalidate your insurance in the event of a claim.*" So, I think Ageas have acted reasonably here in ensuring that attention was drawn to the endorsement. I do acknowledge Mrs M believes the 'escape of water' term was hidden amongst a long list. I can see this was second on the list of areas of cover affected by the unoccupancy terms. So I don't believe it was hidden, but even if I don't take into account where it featured in the list, I still think the preceding statement made it clear that it would be important to review all areas of cover on the list as these would be excluded under the unoccupancy terms.

Mrs M says Ageas, in their complaint response, refer to a description of 'water leakage' which they say is commonly known as 'escape of water'. Mrs M says this is an admission by Ageas that they don't have a description for the 'escape of water' term included in the endorsement. Mrs M also says the broker, in their complaint response, have referred to the policy booklet's definition of 'water leakage' as being the definition of 'escape of water'. Mrs M says this is a false statement as the policy booklet doesn't contain a definition for 'escape of water'. Mrs M says, given there's no specific and separate definition for 'escape of water' in the policy booklet, there is no means to establish whether the 'escape of water' term in the endorsement covers 'water damage resulting from a frozen or burst water pipe'. Mrs M says her understanding of the term 'escape of water' would be that it relates to, for example, leakage from a dishwasher or washing machine which would cause relatively minor damage.

I acknowledge the points made by Mrs M, and I agree the endorsement refers to 'escape of water' and there's no definition for this specific term in the policy booklet. However, given the policy booklet's definition of 'water leakage', I believe it's reasonable to infer that this is what the endorsement refers to when listing 'escape of water'. I'm further persuaded it's reasonable to infer this as the policy booklet does make numerous references to 'escape of water'. These references relate to an explanation of the excess payable in the event of a claim.

So, given that the policy booklet makes it clear there's an excess payable for this type of claim, it's clear this is an insured peril that's covered by the policy – and I believe it's reasonable to infer this term relates to the 'water leakage' definition. That being the case, I don't believe it's unfair for Ageas to treat the incident circumstances as an escape of water event as listed in the endorsement.

I can see Mrs M believes the incident should be treated as a 'flood' – and therefore covered by the policy. The policy booklet defines a 'flood' as "*Water that comes suddenly into your buildings from outside, and which enters at the ground floor or below.*" Mrs M believes this

applies here as the burst pipe in the loft led to water suddenly coming into the building from outside and below ground floor level. Mrs M says water damage resulting from a burst water pipe should be classed as a flood. Looking at the definitions and applying the incident circumstances, I don't think Ageas are acting unfairly in not treating the event as a flood. The water has entered the property from a burst pipe in the loft, and not from outside. And the definition of 'water leakage' includes water leaking from any fixed domestic water installation.

Mrs M says insurance is taken out to cover for events such as water damage, so she believes it's unfair for Ageas to simply remove cover for certain perils. I do acknowledge the points made by Mrs M but it's for an insurer to decide what risks they're prepared to cover. In this case, there was already an exclusion in place, as set out in the policy booklet, relating to the property being unoccupied. But, after being informed by Mrs M about the property being unoccupied, Ageas decided to apply an endorsement when evaluating the risk this presented. It's not uncommon or unusual for insurers to apply such endorsements where they take the view the risk profile has changed following a change in circumstances. I do understand Mrs M's concerns about an insurer removing cover for an event, but I don't believe this is motivated by Ageas wanting to decline a claim, but rather to reflect the change in risk presented by a property being unoccupied for a period of time.

I acknowledge Mrs M's points that Ageas should've provided more help and support, for example, by giving information on protecting an unoccupied property by turning off the water supply. I understand why Mrs M feels this information would've been beneficial, but I don't believe it would fall to Ageas to provide such guidance. I note Mrs M says Ageas gave her details of another insurer who provided cover after the Ageas policy expired. She says the other insurer's policy included a requirement to leave the main incoming water stop tap turned off. Ageas say they don't market themselves as an unoccupancy insurer and I understand the other insurer offer policies specific to these circumstances. So, just because the other insurer set out requirements likely to prevent damage, it doesn't mean Ageas have acted unfairly in not providing similar guidance or requirements.

Mrs M also feels the 60 days' timeframe for the endorsement to apply is unfair as, in the case of bereavement, it's likely that family members will be dealing with a range of matters. I do acknowledge Mrs M's point and how dealing with matters such as probate might lead to a family member's attention being drawn away from other matters. But, as mentioned above, it's for an insurer to decide what risks they're prepared to accept, and it's not unreasonable for an insurer to apply a timeframe when considering the application of any endorsements. So I can't say Ageas have acted unfairly in applying a 60 day timeframe.

I note Mrs M feels Ageas have back tracked and changed their decision after informing her they'd accepted her claim. Mrs M refers to a video Ageas sent to her saying "*Starting with the good news, that based on what you told us we've accepted your claim.*" I can see when Mrs M reported the claim Ageas sent an acknowledgement by email. This email says Ageas recognise that making a claim can be daunting, so they attach a link to a video that guides customers through the next steps of the claim. Ageas say, while this video is intended to be generic and is designed to help customers understand the claim process, they accept the opening dialogue will have caused confusion and apologise for the miscommunication. I can see from the claim notes that Ageas did then explain the claim had been declined together with the reasons. So, I think an apology is fair and reasonable in the circumstances.

Mrs M does have my sympathy, and I'm very sorry to hear about her personal circumstances. I acknowledge the last 20 months have been very difficult for her on a personal level. I understand it has been very stressful for Mrs M in dealing with her parents' estates, putting the property up for sale and then having to deal with a claim involving significant damage to the property. I wish to reassure Mrs M I've read and carefully considered everything she has sent in, but if I haven't mentioned a particular point or piece

of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

My final decision

For the reasons I have given, it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr P to accept or reject my decision before 16 August 2023.

Paviter Dhaddy
Ombudsman