

The complaint

Mrs K and Mr L complain about Accredited Insurance (Europe) Ltd (“AIL”) and the decision to decline the claim they made on their home insurance policy, following an escape of water at their property.

What happened

Mrs K and Mr L held a home insurance policy, underwritten by AIL. On 27 November 2022, Mrs K and Mr L left the property covered by this policy to travel abroad. And they travelled on open return flights, with a provisional return date of 28 January 2023.

Unfortunately, on 17 December 2022, a significant leak was found in Mrs K and Mr L’s property by a friend who was asked to check it while they were abroad. And this leak had caused significant damage. So, Mrs K and Mr L contacted AIL to make a claim on their insurance policy.

The events that transpired after this date are well known by both parties, so I don’t intend to list them in detail. But in summary, while validating the claim, AIL noted that Mrs K and Mr L weren’t staying in the property when the leak was discovered. And because of this, and the provisional return date on Mrs K and Mr L’s flights, they felt the property met their definition of unoccupied which was excluded for any claims relating to escape of water. So, they declined the claim.

Mrs K and Mr L raised a complaint about this. They thought that, as the leak was identified before the property had been unoccupied for 30 days, the claim should be covered within the terms of the policy. And while they accepted they didn’t return to the UK until January 2023, they explained this was because the property was uninhabitable, and this informed their decision to remain abroad. So, they wanted AIL to overturn the initial decision and accept their claim.

AIL responded to Mrs K and Mr L’s complaint and didn’t uphold it. They thought they had acted fairly, and in line with the terms and conditions of the policy, when declining the claim as they thought the property fell under the unoccupied definition. And when Mrs K and Mr L disputed this further, they provided a second response explaining Mrs K and Mr L had an obligation to make them aware beforehand if they intended to leave the property for more than 30 days, which they thought it was Mrs K and Mr L’s intention to do. And AIL explained if Mrs K and Mr L had made them aware of this, they would’ve applied an endorsement to the policy excluding any claims for escape of water while Mrs K and Mr L were away from the property. So, they didn’t think they needed to do anything more. Mrs K and Mr L remained unhappy with this response and so, they referred their complaint to us.

Our investigator looked into the complaint and didn’t uphold it. They thought it was Mrs K and Mr L’s intention to leave the property for more than 30 days and because of this, they thought AIL were fair to say the property was unoccupied. And as a report obtained by AIL showed mould within the property, they thought Mrs K and Mr L not being in the property had led damage that could’ve been avoided. They also didn’t think Mrs K and Mr L had made AIL aware of their intention to leave the property for more than 30 days and so,

because of the above, they thought AIL's decision to decline the claim was a fair one. So, they didn't think AIL needed to do anything more.

Mrs K and Mr L didn't agree. And they provided several comments explaining why. These included, and are not limited to, an explanation surrounding why their provisional return date was booked for January 2023, considering COVID-19 restrictions in the country they were travelling to at the time of booking. And they continued to reaffirm their belief that, as the damage was found within the first 30 days of them being away from the property, it was unfair for AIL to rely on the unoccupancy exclusion. As Mrs K and Mr L didn't agree, the complaint 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.

Having done so, I'm not upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

First, I want to recognise the impact this complaint has had on Mrs K and Mr L. I recognise they would've taken out the policy with AIL to assist them both financially and practically in a situation such as the one they found themselves in. So, when significant damage was found to their home and AIL explained they wouldn't be accepting the claim, I can understand the worry and upset this would no doubt have caused. And I can appreciate why Mrs K and Mr L would feel unfairly treated, as I don't dispute the fact they took reasonable steps to report the claim and mitigate any further damage once the escape of water had been identified.

But for me to say AIL should do something differently here, such as overturn their initial decision and accept the claim, I first need to be satisfied they've done something wrong. So, I'd need to be satisfied they failed to act within the terms and conditions of the policy when declining the claim. Or, if I think they did act within these, I'd need to be satisfied they acted unfairly in some other way. And in this situation, I don't think that's the case.

I think it would be useful for me to first deal with the occupancy of the property, and this is a matter that remains in dispute. I note AIL feels the property met the definition of unoccupied, while Mrs K and Mr L dispute this.

In this situation, while I do understand the explanation Mrs K and Mr L have provided regarding the original provisional return date they chose, what I don't think can be disputed here is the fact that Mrs K and Mr L left the property on 27 November 2022 and didn't return until the end of January 2023. So, while I appreciate the reasoning put forward by Mrs K and Mr L which included the state of their home after the damage and why this would be unfit for them to return to, I still think it was ultimately Mrs K and Mr L's own decision to travel abroad with an intended return date of more than 30 days away. And it was also their own decision to return on the provisional date they chose before they travelled.

I've carefully read through the terms and conditions of the policy Mrs K and Mr L held. And within these, they define "*unoccupied*" as "*we consider your home to be unoccupied when it is not lived in by you or your family for more than 30 days in a row. Lived in means slept in frequently (we will not accept visits to the home or occasional night stays as living in your home)*"

So, based on the above and considering the information available to me, I do think Mrs K

and Mr L's home met the definition of unoccupied provided within the policy terms and conditions as they didn't return to the UK until more than 30 days after they left.

The definition also goes on to explain that *"You must tell us beforehand if you know your home is going to be unoccupied. If you don't you could be left without cover"*. So, I think the policy makes it reasonably clear here that Mrs K and Mr L had an obligation to tell AIL they were intending on being away from the property for more than 30 days.

While I note Mrs K and Mr L say their travel was open-ended and they hadn't decided exactly how long they would be travelling for, they travelled on tickets that had a provisional return date of longer than 30 days. And in their own testimony, they confirmed they hadn't considered returning until 22 December 2022, when the leak itself caused disruption to their originally intended plans. And I must take into consideration this was already 26 days into their trip. So, based on the above and on the balance of probability, I don't think it's likely that Mrs K and Mr L's intention was to return to the property within the 30-day period, as I think it's reasonable to assume they would've highlighted flights earlier than with 4 days to go if this was their intention. So, I do think that, to meet the conditions of the policy, Mrs K and Mr L should've notified AIL of their intention to travel abroad with the possibility of the travel being for a length of time that would classify the property as unoccupied.

And had they done so, AIL have confirmed they would've applied an endorsement on the policy that excluded any claims for escape of water during the time Mrs K and Mr L were away. And I've seen underwriting criteria that confirms this to be the case. And I must note it is standard industry practice for insurers to place endorsements such as this one on a policy in similar situations. So, had Mrs K and Mr L made AIL aware they were travelling for a period of time that would deem their property to be unoccupied, I think any claim for escape of water would've been excluded.

So, as Mrs K and Mr L's claim was for an escape of water, I don't think I can say AIL acted unfairly, or outside of the terms and conditions of the policy, when declining it. And because of this, I don't think they need to do anything more on this occasion.

I understand this isn't the outcome Mrs K and Mr L were hoping for. And I want to reassure Mrs K and Mr L I've thought carefully about their situation, and the financial implications this decision will no doubt have due to the significance of the damage the escape of water caused. But as I've explained above, for me to say AIL should do something differently, I first need to be satisfied they've done something wrong. And I don't think they have.

I also want to reassure Mrs K and Mr L I have considered their point of view regarding the date the damage was found falling within the first 30 days of their travel. But crucially, I don't think this alters my decision here as I've already explained above, I'm satisfied that it most likely was Mrs K and Mr L's intention to remain out of the property for more than 30 days. And in this situation, Mrs K and Mr L had an obligation to make AIL aware of this and had they done so, AIL would've made Mrs K and Mr L aware before they travelled that any claim for escape of water, at any time during the time they were away, wouldn't be covered.

My final decision

For the reasons outlined above, I don't uphold Mrs K and Mr L's complaint about Accredited Insurance (Europe) Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K and Mr L to accept or reject my decision before 2 January 2024.

Josh Haskey
Ombudsman