

The complaint

Mr M and Mrs M complain that AXA Insurance UK Plc have unfairly declined their claim for water damage to their property.

What happened

Mr M and Mrs M held a buildings insurance policy with AXA for their park home.

In September 2022 they asked a contractor to replace a drip rail on their park home. On removing the drip rail, the contractor discovered an ingress of water at various points on the structure beneath the windows and underneath some artificial decorative brickwork panelling.

Mr M and Mrs M contacted AXA about this and supplied photographs and a report from the contractor about what he found and the cause.

AXA then declined the claim as they said that the damage was not as the result of an insurable event and fell outside the accepted cover agreed by them.

Mr M and Mrs M had to pay £11,760 from their savings for the repairs and feel that this should have been covered by their insurance as they have properly maintained their property since new which was 13 years ago, painting it with the correct paint every three years.

The complainant to AXA but the complaint wasn't upheld. AXA did offer a £25 gesture of goodwill in respect of the delays in communication. Mr M and Mrs M brought the complaint to us.

One of our investigators has looked into Mr M and Mrs M's complaint and she thought that AXA had acted fairly in declining the claim.

Mr M and Mrs M disagreed with our investigator's view, and so the case has come to me to review.

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.

In this case I have to consider whether AXA have declined the claim in line with the terms and conditions of the policy and come to a fair and reasonable decision in doing so.

However, having considered all of the evidence carefully, I haven't upheld Mr M and Mrs M's complaint, and I will explain why.

Insurable event

For any loss or damage to buildings to be covered under this or any other insurance policy it needs to have been caused by an “insurable event”. What counts as an “insurable event” is detailed in Mr M and Mrs M’s AXA policy booklet at pages 9 – 11. It includes events such as fire, water leaking from pipes and fixed appliances, theft, storm, vandalism, being hit by animals, trees or vehicles, subsidence and accidental damage. If it can’t be shown that the damage is as a result of one of these insurable events, then unfortunately the claim fails at the first step.

AXA asked Mr M and Mrs M to provide them with photographs of the damage and a report from the contractor who discovered the hidden damage when came out to the property to replace the drip trays.

The report describes rot in the wood underneath the painted exterior that has occurred over a period of time as a result of a slow ingress of water in various places on the exterior of the structure.

As this sort of slow water ingress isn’t listed as an insurable event and can’t fairly be said to fall under any of the insurable events listed in the policy, I’m satisfied that AXA have acted fairly in declining the claim as not being covered under the policy.

Exclusions

In addition, there are some further general exclusions in the policy which can apply even if an insurable event has occurred. These relevant ones here are:

13. Gradually Operating cause , insects or vermin and micro organism exclusion

This insurance does not cover any claim arising from (a) anything which happens gradually including deterioration or wear and tear, settlement or shrinkage; (b) mildew, fungus, climatic or atmospheric conditions, frost, wet or dry rot; (c) damage by insects or vermin

16. Faulty design or workmanship

This insurance does not cover any claim arising from faulty design, materials or workmanship.

General exclusions

5. Any defect, damage or failure caused by malicious or wilful act, negligence, misuse, third party interference or faulty workmanship, including any attempted repair or modification which does not meet recognised industry standards.

The evidence in the report indicates that the water ingress has caused the damage gradually over an extended period, most likely as a result of faulty design or workmanship when the home was manufactured. The report shows that water was able to get behind the decorative blocks that were installed under the windows by the manufacturer, causing the walls behind to get damp and rot over time.

And so I’m also satisfied that it’s fair for AXA to apply these general exclusions.

I can see that Mr M and Mrs M have maintained the property in line with the recommendations, and also to a high standard. I also accept that they were in no way aware of the ingress of water behind the decorative bricks, and that had they been made aware, they would have acted sooner. I can understand that Mr M and Mrs M are upset about having to pay for an expensive repair, and this has caused a lot of stress for them.

However, this doesn't unfortunately change my view on the matter because the fact that they were not aware of the gradual ingress of water over time, doesn't stop it from being caught by the exclusion on the policy. As the investigator has suggested, they may wish to speak to the manufacturer of the home to discuss this problem further as it is still a relatively new construction.

I note that AXA have paid Mr M and Mrs M £25 as a gesture of goodwill for the delays in replying to their complaint, and I would not disturb that.

My final decision

My decision is that I don't uphold Mr M and Mrs M's complaint, and AXA Insurance UK Plc don't need to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs M to accept or reject my decision before 2 August 2023.

Joanne Ward
Ombudsman