

The complaint

Mr J complains Arch Insurance (UK) Limited unfairly declined a water damage claim against his property investors insurance policy.

What happened

As the background to the complaint is known to all parties, in this decision I'll summarise my understanding and focus mainly on giving the reasons for reaching the outcome I have.

Mr J owns a flat he rents to a tenant. In 2021, he says the tenant experienced a blackout which he says was due to water damage following a build up of water on the patio, caused by a blocked drain. Mr J arranged repairs which included electrical rewiring, replacement flooring, and decoration, amongst other things. He raised a claim to Arch through his property manager and provided photos.

Arch sent a loss adjuster to the property. They concluded, broadly, that the volume of water seen in photos wasn't sufficient enough to breach the door lip, nor was there evidence water penetrated through failed brickwork. They also contacted Mr J's repairing electrician but say their response on the proximate cause was vague and inconclusive.

Arch later declined the claim. They didn't think Mr J demonstrated the loss was the result of an insured peril. Mr J didn't agree – he says water levels on the patio reached two feet and this caused internal damage, and he's now out of pocket. As he didn't agree with the claim decision, he asked our Service for an impartial review.

The investigator didn't recommend it be upheld. She thought Arch considered and reached a claim outcome fairly and reasonably. Mr J asked for an ombudsman to decide, so the case was passed to me.

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.

With any insurance claim, it's for a policyholder to demonstrate they've suffered loss or damage as the result of an insured peril. In this case, Mr J says water built up on the patio, entered the property, and caused damage.

I've reviewed photos Mr J provided which show water sitting on the patio, but I cannot establish the volume of water based on these photos alone. But I do note engineers Mr J appointed say they attended to a four-inch water flood, so I think it's safe to say this was the likely volume of water found on the patio. As mentioned above though, it's for Mr J to demonstrate this sitting water on the patio was the cause of damage he's claiming for.

I've considered the various reports provided by experts – Mr J's own engineer and Arch's loss adjuster. Both parties attended Mr J's property and so I'm satisfied they're appropriately placed to both consider and determine the cause of damage. I do note Arch's loss adjuster

attended a few months following the date Mr J says damage occurred.

Arch contacted Mr J's engineer for further comments as they found their initial report vague and inconclusive on the cause of damage. The engineer says they responded to a nuisance tripping of an RCD main switch, the insulation resistance on the circuit was very low between the lounge and bedroom causing it to trip, and there was more than one faulty cable section – making it impossible to isolate the fault. Therefore, the engineer renewed the entire circuit, and stated the cause was *usually* either due to water ingress or heat damage due to the close proximity of hot pipes.

Arch didn't consider the engineers comments to be compelling or persuasive on the cause. I think that's reasonable. I say this because it's my view the repairing engineer was most appropriately placed to determine the cause of damage. That's because they carried out repairs to the areas said to have been water damaged, and visited the property shortly after Mr J says damage occurred. Arch concluded if water damage was the cause, this ought to have been immediately apparent to the engineer. Based on their comments, I'm not persuaded this was the case.

I've also considered the loss adjuster's findings following their visit. They didn't consider the volume of water was sufficient enough to breach the door lip threshold. Nor did they find evidence brickwork had failed allowing water to penetrate it and enter the property. They also reviewed photos Mr J provided of the property while restoration works were ongoing. They concluded, broadly, that they would have expected to see evidence such as water marks or staining around areas where water was said to have entered and caused damage. And photos provided do not support this.

All things considered – I accept Mr J has demonstrated water built up on the patio. That's not disputed here. What is disputed is the cause of the issues Mr J went on to rectify by rewiring the electrics, replacing flooring, and decorating, amongst other things. I'm not persuaded, on balance, to agree it would be reasonable to conclude Arch failed to consider the claim fairly. I find they took reasonable steps to validate the claim by sending a loss adjuster to Mr J's property, reviewing photos provided, and requesting further comments from his repairing engineer – which I don't find were persuasive here. Nor do I think their comments support the cause was the result of a build up of water on the patio entering the property. So, it follows, I don't require Arch to take any action.

I accept my decision will come as a disappointment to Mr J. But it ends what we – in attempting to informally resolve his dispute with Arch – can do for him.

My final decision

For the reasons I've given above, my final decision is I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 6 November 2023.

Liam Hickey
Ombudsman