



Case study: Insurance

HOME CONTENTS INSURANCE CLAIM REJECTED DUE TO EXCLUSION FROM POLICY

Themes: Loss adjuster; home and contents insurance; terms and conditions.

This complaint relates to an escape of water claim under a home and contents insurance policy that was rejected as the insurer said the claim was not covered under the policy's terms and conditions.

In November 2021 Mr G discovered a leak in his bathroom and contacted his insurer to make a claim. Mr G's insurance company appointed a loss adjuster who asked him to complete a claim form and send evidence of the issue along with estimates of the repair costs for their review. In February 2022, Mr G returned all the requested documentation and in March 2022, the loss adjuster inspected the damage.

Mr G then had to chase the loss adjuster and by May 2022 the leak was worsening. The loss adjuster apologised for the delay. They said Mr G had 'trace and access' cover under his policy and arranged for a specialist leak detection company to complete a non-destructive survey to locate the leak. The specialist found that water was escaping through the shower tiles and grouting. The policy covered water escaping from water tanks, pipes, equipment and fixed heating systems. The insurer said that a leak through the shower tiles was not covered as it did not fall under the policy's scope.

Mr G complained about the delay in appointing the specialist and argued that 'equipment' should include a leak through the shower tiles. The insurer did not agree 'equipment' could include the shower tiles and grouting, but offered to consider any specialist evidence Mr G could provide to show a different cause of the leak. Mr G could not find anyone to complete this report and referred his complaint to CIFO.

CIFO investigated and found that the insurer had been entitled to rely on the specialist leak detection report. This had indicated that the water was escaping through the shower tiles and grouting. CIFO did not consider that the ordinary meaning of the word 'equipment' could reasonably include shower tiles and grouting. Mr G had not provided his own specialist evidence to show a different source of the leak. So CIFO found the insurer had fairly concluded that the escape of water was not covered under the policy's terms and conditions.

However, CIFO found that there had been shortcomings and delays in the assessment of the claim by the loss adjuster, who was acting as the insurer's agent. The loss adjuster could have explained the policy terms more clearly and arranged for a trace and access report earlier. Therefore, CIFO upheld the complaint in part and recommended the insurer pay Mr G £400 for the distress and inconvenience its agent had caused when handling his claim.