

The complaint

Mr W is complaining about the amount Covea Insurance plc has paid to settle a claim he made on his commercial property insurance policy.

Mr W has been largely represented by his daughter in this complaint, but for ease of reference I shall refer to anything that she's said on Mr W's behalf to have been said by Mr W.

What happened

In March 2022 Mr W's property was damaged when a car drove into the boundary wall causing significant damage. So he contacted Covea to claim for the damage on his insurance policy. Covea instructed a loss adjustor to act on its behalf. Throughout the claim journey, Covea has increased the amount it wanted to pay to settle the claim as Mr W didn't agree with the way that it was calculating the cost of repair and he said it hadn't produced a detailed scope of works. And he referred his complaint to this Service.

Following this Covea agreed to pay £600 in compensation for the service Mr W had received and also to provide a detailed scope of works.

Covea then advised Mr W it would settle the claim for £13,763.33 – which included the cost Mr W had already incurred in putting some of the issues right. Mr W still didn't agree with this and set out that this cost didn't include various critical items that were needed to put things right. Covea later agreed to settle the claim for £18,452 and Mr W would get the work done himself to this. Mr W accepted this but he said this didn't account for the distress, inconvenience and additional costs Covea had caused as a result of its breaches. So he referred his complaint to this Service again.

Our investigator initially upheld this complaint and said Covea should pay an additional amount of around £5,000 as he said Covea hadn't shown that £18,452 was enough to get the work completed, but Mr W had provided two separate estimates of around £23,000 and £25,000. Covea responded to explain the £18,452 was the amount Mr W had said it would cost him to repair the damage and provided evidence of this.

Following this, the investigator thought Covea had now settled the claim fairly. He also said compensation had already been awarded for the generally service Covea had provided. Mr W didn't agree with the investigator's opinion. In summary, he raised the following:

- £18,452 was the cost price of putting things right. He said the true and reasonable cost was around £23,000 – the original quoted price. He maintained this is what Covea should have paid at the start. And he says he's lost out as a result;
- No account has been made of the frequent breaches by Covea. He highlighted that Covea still hadn't provided a detailed scope of works. He said Covea hadn't responded to this Service's information requests in time, so he thinks it's unfair the investigator changed his assessment;
- He said the compensation originally agreed was around general delays in handling the claim. He said no account was made of this for the costs and distress that arose from the

continual changing of the estimates. He highlighted that this put a significant strain on the relationship between him and his tenants.

The investigator still thought his assessment was fair, so he referred his complaint to this Service.

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.

I've decided to not uphold this complaint and I'll now explain why.

Firstly, this Service has already considered the service Covea gave up to September 2022 in a separate complaint. So I'm not considering anything Covea did in the handling of the claim up to this point. I note Mr W has said that this didn't take into account the impact of the unfair calculations of the claim settlement value and the impact that arose from that. But I don't agree. So I'm not considering the general service Covea has given in this decision. This complaint is about whether Covea has now offered a fair amount to settle the claim.

Ultimately, Covea has paid Mr W what he said it would cost him to fix the damage from the accident. And this is what Covea was contractually required to do under the terms of the insurance policy. The purpose of the insurance policy was to return Mr W back to the position he was in before loss or damage arising from an insured event occurred. And this is what Covea has done.

I note Mr W said he'd given evidence of the true cost of repair at the start which was £23,000 and £25,000. He says Covea should have paid that then as he says it never provided any evidence to show its repair cost would have been less than that. But, at that time, there was a significant difference in opinion about what the cost of repair was.

A claim settlement should never be a negotiation. Covea should have provided an accurate and valid settlement figure from the start. But, in this case, there was a dispute about whether the full driveway needed to be replaced. Covea said it was only required to repair the damage section, which is standard industry practice. I can't say it was unreasonable for Covea to initially look to do this at the start. But it later agreed to replace the driveway in full. However, it was entitled to carry out further investigations given the significant differences in opinions here. And I can't say Covea should have just paid what Mr W says it would cost him to repair the damage, especially given the terms of the policy would limit Covea's liability to what it would have to pay its contractors to put things right.

Covea later instructed a surveyor to assess the damage and explain what they thought was needed to put things right. And I understand Covea's final settlement offer (£13,763.33) was following an assessment of the surveyor's comments. But, ultimately, Covea has paid Mr W what he said it would cost to put things right. In doing so, I think it has fairly settled Mr W's claim in line with the terms of the insurance policy. And I can't say it should have paid him £23,000 sooner.

I recognise that Mr W says Covea has still not provided a detailed scope of works, but this doesn't change the fact it's paid what Mr W said it would cost to put things right. I also note Mr W has referred to the fact that Covea hasn't engaged with this Service in the way it should. But I think I need to set out that this Service is not the regulator. So we don't fine and punish businesses. Our role is to assess whether a business has acted fairly and, if not, whether it's done enough to put things right.

As I said, I'm satisfied Covea has now fairly settled Mr W's claim. This Service has already said in a previous complaint that Covea has caused significant delays throughout the handling of this claim and I think this includes reference to the continual negotiation of the claim value. So I'm not commenting further on that in this complaint.

My final decision

For the reasons I've set out above, it's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 15 January 2024.

Guy Mitchell

Ombudsman