

The complaint

Mr D complains that Covea Insurance plc declined a claim he made under his buildings insurance policy for subsidence.

Reference to Covea includes its agents and representatives.

What happened

I'll summarise the main points about this dispute:

- Mr D made a claim for subsidence damage in 2018. Covea accepted the claim and carried out drainage repairs. It may also have carried out some building repairs but in February 2022 it settled the claim by paying Mr D to arrange the remaining repairs.
- In October 2022, Mr D noticed the damage return. He got back in touch with Covea, but it didn't think it was responsible for the recent damage. It said no evidence of poor workmanship by its contractors had been provided.
- Our investigator thought the complaint should be upheld. He wasn't satisfied Covea had handled the original claim fairly – it had identified trees as the cause of the subsidence movement but hadn't dealt with them before moving to repairs. He asked it to consider the claim as a reoccurrence and pay £250 compensation.
- Mr D said he didn't think the compensation went far enough to cover the stress he'd suffered thinking his house might not be structurally sound. Covea said it disagreed but, despite our investigator asking it to explain why, it didn't add anything further.

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.

- There's no dispute that the original damage was caused by subsidence and covered under the policy.
- In 2019, after carrying out investigations, Covea said there were drainage defects. I understand it had them repaired but it said they were "a contributory factor and we do not believe that it is the principal causative factor". It went on to say, "moisture extraction by nearby vegetation is the most likely cause".
- Covea appointed an arborist who concurred with this and identified two trees it thought were causing the movement. It recommended pruning both of them, carrying out monitoring, and if movement continued, to review the recommendation. Covea got in touch with the owner of the trees to ask it to prune them "in order to achieve stability". I understand the trees weren't pruned. Nonetheless, Covea proceeded to settle the claim.

- When handling a claim for subsidence, I would expect Covea to ensure a lasting and effective repair of the damage is achieved. To do this, the building must be stabilised. It took steps towards that by repairing the drains – but it didn't deal with what it considered to be the main cause of the movement.
- Covea has provided no evidence to show it changed its recommendations and/or achieved lasting stability without the trees being pruned.
- The damage returned within nine months of settling the claim. I'm not satisfied that amounts to carrying out a lasting and effective repair – especially in the context of a subsidence claim, where I think it's reasonable to expect the structure of the building to remain stable for significantly longer than nine months.
- In these circumstances, I don't think the onus was on Mr D to show poor workmanship by Covea's contractors – it was on Covea to look into why the damage had returned. If it had been able to show the building was stable but the problem related to work carried out by Mr D's contractors, I may have reached a different outcome. But Covea hasn't taken any steps to look into the return of the damage.
- Given it hasn't shown it achieved stability, I can only conclude it's likely that movement has continued and Covea hasn't dealt with the claim fairly.
- To put things right, Covea should continue dealing with the claim and ensure it carries out a lasting and effective repair. To do that, it should consider whether the trees remain the cause of the movement and/or whether any other factors are relevant. It should then take steps to stabilise the building before settling the claim.
- As Covea will be dealing with the damage as a continuation of the original claim, it shouldn't log a second claim and/or charge a second excess. The remaining terms and conditions of the policy the claim was originally made under still apply.
- It would have been distressing for Mr D to think the claim was settled – and then to see the damage return soon after. I think Covea should compensate him for that and I'm satisfied £250 is reasonable in the circumstances. It's clear he's been concerned about the stability of the building and the impact that might have on him if it's not dealt with. Once Covea has provided a lasting and effective repair, it will have put those concerns right.

My final decision

I uphold this complaint.

I require Covea Insurance plc to:

- Continue dealing with the claim, as set out above.
- Pay £250 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 29 September 2023.

James Neville
Ombudsman