

## **The complaint**

Mrs C and Mr C have complained about the way Covea Insurance plc settled a claim made under their home insurance policy.

## **What happened**

The facts surrounding this complaint are well known to the parties. In summary Mr and Mrs C made an escape of water claim – they had returned from holiday to find the bathroom and lounge in their house flooded. Covea approved the claim in November 2022 and Mr and Mrs C moved into alternative accommodation whilst their house was being dried and the bathroom works carried out. The matter didn't then progress in a timely manner and ultimately Mr and Mrs C arranged for the works to be done themselves. They are out of pocket and request disturbance allowance for the time they were living with the works not completed.

Our investigator recommended that the complaint be upheld in part. She didn't recommend that a disturbance allowance was paid but felt that Covea should reconsider the bathroom quote/invoice from the company that completed the bathroom works. The investigator felt that this should include new sanitary ware, but that Covea only needed to consider works carried out on a like for like basis. If further payment was due, she recommended that Covea add 8% simple interest on the additional funds.

Our investigator also recommended that Mr and Mrs C be compensated for stress and inconvenience in the sum of £400.

Mr and Mrs C accepted the view.

Covea didn't respond.

## **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.

Firstly I'm aware I've summarised the background to this complaint. No discourtesy is intended by this. Instead, I've focused on what I find are the key issues here. Our statutory function is to resolve complaints quickly and with minimum formality and our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts. Our rules also permit reaching a decision on the basis of what has been submitted and to take account of the failure by a party to respond. So here I've proceeded in the absence of a response to our investigator's recommendations from Covea. Having done so I agree with the conclusion reached by our investigator for the following reasons:

- The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. So I've considered, amongst other things, the law and the policy terms to decide whether I think Covea handled Mr and Mrs C's claim fairly.

- Covea offered a cash settlement equivalent to what it would have paid its supplier – generally that would be fair. But here there is no evidence that Covea offered one of its suppliers to reinstate the bathroom damage. By January 2023 the drying had been completed and repairs could be undertaken. Covea asked Mr and Mrs C to provide quotes in order to cash settle the claim. As it didn't offer one of its suppliers to carry out the repairs, I'm satisfied it is reasonable for Covea to settle the claim by paying what it cost Mr and Mrs C to get the work done by a private contractor.
- Covea are only required to pay for insurance related works (damage caused by escape of water) and on a like for like basis. If any insurance related works have been reinstated to a better standard then Covea isn't required to cover the full cost as the policy doesn't provide for betterment. However, as a private contractor would be unlikely to guarantee a repair using existing sanitary ware that they didn't remove, I don't agree that it's fair to require Mr and Mrs C to use their existing sanitary ware.
- I don't find that Mr and Mrs C have prejudiced Covea's position by going ahead with repairs. They provided quotes which Covea didn't accept as they weren't in line with its supplier cost. But as they weren't offered Covea's supplier I find Mr and Mrs C's actions were reasonable. Like our investigator I haven't seen any scope of works or quotes – and would reiterate that Covea is only required to reimburse Mr and Mrs C for works costed on a like for like basis.
- Although the claim originally progressed expediently – with striping out and drying starting promptly and alternative accommodation being sourced, I find that delays started in April 2023. Covea offered a final settlement for the lounge reinstatement based on an estimate by its supplier. But reinstatement hadn't been offered to Mr and Mrs C. Therefore, I'm satisfied if Covea had provided a fair settlement in April 2023 then Mr and Mrs C could've arranged their own contractor to start work in the lounge. But this didn't happen. Covea later agreed to appoint their own supplier to progress the lounge works. But by the final response date in June 2023, the repairs hadn't been organised. Mr and Mrs C wouldn't have needed to rely on Covea completing the repairs if they had offered a fair settlement in April 2023. Due to this Mr and Mrs C have had to live for much longer than necessary in a home that wasn't comfortable for them which caused them undue stress and inconvenience. Accordingly, I find compensation is merited.
- Mr and Mrs C believe that a disturbance allowance is due to them – but I don't uphold this part of their complaint. I appreciate that living conditions weren't ideal when they returned from the alternative accommodation supplied by Covea, but I'm not persuaded their home was uninhabitable or unsafe. I say this because they did have use of necessary facilities, including kitchen and en-suite bathroom. But I agree that they have lived like this longer than necessary due to the delay mentioned above. I've taken this into account and overall I find compensation in the sum of £400 is due.

### **Putting things right**

I require Covea to:

- On receipt of a full itemised breakdown from Mr and Mrs C, reconsider the bathroom invoice/quote from the company that undertook the work in accordance with the remaining policy terms. The cost of any insurance related items or work (but nothing in addition) should be reimbursed, and this includes the new sanitary ware.
- If additional funds are payable, simple interest is to be added at 8% per year

calculated from the date payment was made to the contractor to settlement, but interest not to exceed that payable one calendar month from the date the decision is accepted.

- Pay Mr and Mrs C compensation of £400.

### **My final decision**

I uphold this complaint. I require Covea Insurance plc to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr C to accept or reject my decision before 8 January 2024.

Lindsey Woloski  
**Ombudsman**