

## **The complaint**

Mr D and Mr T complain Covea Insurance plc caused delays to progressing a storm damage claim against their Commercial Property Owners insurance policy.

## **What happened**

The background to the complaint is known to all parties so I won't repeat it here in detail. Instead, I'll summarise my understanding and focus on giving the reasons for my decision.

Mr T is the freeholder of the building, and Mr D is a leaseholder of a flat he rents to tenants. Mr D brought the complaint to our Service, so I've referred to him within this decision for ease of reading.

In July 2021, torrential rain caused a flood inside Mr D's basement flat, so he raised a claim. Covea accepted it, but Mr D says they caused significant delays, further damage, and communication was poor, amongst other things. He says the property was stripped back to brickwork and remained uninhabitable for many months despite being told this was a straightforward claim. And despite chasing for things to happen, nothing did.

He says strip-out works caused two leaks, and delays caused a rodent infestation which he had to pay to resolve before the claim could progress. He says he's suffered financially due to Covea's delays – having to cover bills normally covered by tenants who had to move out, and he was unable to renew the mortgage. He complained to Covea around March 2022 about the way matters were being handled.

Covea says this was a large loss claim involving extensive damage. They say stripping and drying a property can take time – as it did here – and the further issues found meant the claim took longer to progress. They apologised for the communication but didn't agree they were responsible for causing the delays, more damage, or a rodent infestation. They didn't agree to cover Mr D's additional costs and said the mortgage was due to be renewed only a few months after the claim-incident made the property uninhabitable. Mr D remained unhappy and asked our Service for an impartial review.

The investigator only considered Mr D's complaint points Covea responded to in mid-2022 regarding the claim delays. And said the other points Mr D wasn't happy with needed to be directed to Covea to respond to in the first instance. She didn't recommend this complaint be upheld as she wasn't persuaded Covea were responsible for the delays, further damage, or Mr D's additional costs. Mr D asked for an ombudsman to decide, so the case was passed to me for a decision.

## **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.

Although a number of issues have been raised, this decision only addresses those issues Covea responded to in mid-2022 regarding the delays over this period. Here – I've focused

on what I consider to be the pertinent points. That isn't meant as a discourtesy, it simply reflects the informal nature of our Service.

It's my opinion that this claim was rather complex in nature. It involved the requirement for Mr D's property to be stripped back to brickwork, a period of drying (whereby further flooring needed to be stripped out to aid this), and reinstatement works. It's fair to say this process can take time – and will naturally cause a policyholder a level of inconvenience. And in this case, during the stripping and drying process, further issues were identified such as two leaks and a rodent infestation. This only caused further problems and delays.

Before I address those further issues, it's important I say I think Covea missed an opportunity early on in the claim to reasonably manage Mr D's expectations over the level of damage, the works required, and the time it *could* take to resolve the claim. I say this because following the initial inspection, I think both the scope of works and the time to settlement were understated. For example, Mr D was told stripping and drying would take six to eight weeks – it took several months. And Mr D says he was told the claim was a straightforward one – which wasn't the case either. So, while I acknowledge here further issues were identified during the claim process – which delayed matters – I think Covea could have provided a better level of customer service by taking steps to manage Mr D's expectations early on. It's my opinion based on the photos of damage, it was evident the claim wasn't a straightforward one, or likely to be resolved inside just a few months.

Returning to the issues identified during the strip-out works. The first leak was said to have been found around October 2021, and the second in November 2021. This unfortunately halted the claim while repairs took place – at Mr D's expense. Mr D says Covea's contractors caused these leaks because they were located where strip-out works had been completed. He also says a surveyor told him the leaks were almost certainly caused by contractors failing to take care. While Covea, however, say their contractors uncovered these issues, they didn't cause them, and there's no evidence to support they did.

I understand why Mr D thinks Covea caused the leaks. But to give some balance to this dispute, I must also keep in mind he says the property was stripped back to brickwork and flooring. So, it's plausible – in my view – to also conclude Covea's contractors uncovered these issues that were occurring prior to works starting while stripping the property back to brickwork. All things considered – I'm not persuaded on balance there's strong supporting evidence currently available to demonstrate Covea's contractors caused these leaks. So, I can't hold Covea responsible for the delays caused while they required repairing, or for the costs Mr D incurred in doing so.

A rodent infestation caused further claim delays because that needed to be resolved before contractors could go back to the property. Mr D says water and the temperature of the property while it was uninhabitable caused this. And Covea should reimburse the costs he incurred in resolving this problem. I don't think I could reasonably attribute a rodent infestation to the way Covea handled the claim.

I'm sorry to hear of the financial impact the claim had on Mr D. The policy covers loss of rent and the claim notes suggest this has been paid to Mr D beyond the complaint period I'm considering. There were other costs Mr D incurred that tenants would have otherwise covered had the claim-incident not forced them to move out – such as council tax and utility bills. I can't see that the policy is intended to cover these costs under these circumstances, so I won't be requiring Covea to take any action in this respect.

I also note Mr D's mortgage was due for renewal around late-2021, but the lender decided not to lend against the property as it was uninhabitable. It's unfortunate the mortgage was due to renew a few months after the claim-incident caused extensive damage to the

property. It's my opinion that the property was deemed uninhabitable as the result of the claim-incident and not due to Covea's handling of it. Therefore, I don't think requiring Covea to reimburse Mr D's additional mortgage costs would reach a fair and reasonable outcome here.

There was also a cost for garden maintenance Mr D says Covea should cover because it fell into a state of disrepair while the property was empty. I've reviewed the invoice which suggests the works completed were general garden maintenance, and for the extraction and disposal of garden waste. I wouldn't expect any costs for general garden maintenance to be included as part of a claim, so I won't be requiring Covea to reimburse this cost to Mr D.

To summarise, I don't find Covea were responsible for causing avoidable delays or further damage between July 2021 when the claim-incident occurred, to Covea's mid-2022 final response letter. Nor do I agree the policy covers Mr D's additional costs towards what normally would have been covered by the tenant, or his mortgage costs. I do agree Covea ought to have handled matters better at times, and with a higher level of customer service. Particularly early on in the claim to manage Mr D's expectations over the level of damage, works required, and the time it could take to resolve the claim. But this was a rather complex claim and issues were also found along the way which caused further, unforeseeable delays. And as set out above, I'm not satisfied Covea should be held responsible for causing these. So, I won't be requiring Covea to take any action in respect of this complaint.

This will not be the outcome Mr D and Mr T were hoping for, but it ends our Service's involvement in trying to informally resolve this dispute between them and Covea. Mr D will need to raise any further concerns with Covea for them to review in the first instance.

### **My final decision**

For the reasons I've mentioned 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 D and Mr T to accept or reject my decision before 8 August 2023.

Liam Hickey  
**Ombudsman**