

The complaint

Mrs R has complained about Covea Insurance plc's (Covea) handling of a flood claim against her buildings insurance policy which occurred in 2012.

What happened

This complaint relates to flood damage reported by Mrs R to Covea in 2012. Given the background to the complaint is well known to both Mrs R and Covea I don't intend to repeat it here. In this decision I'll focus on giving the reasons for reaching the outcome I have.

I issued a provisional decision on 25 July 2023 which set out the following:

'What I've provisionally 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.

A number of issues have been raised in relation to this matter – I've not addressed each one individually. Rather, I've focused on what I consider to be the pertinent points. That isn't meant as a discourtesy to either party, it simply reflects our Service's informal nature.

An ombudsman decided in 2014 that Covea should deal with Mrs R's flood claim because water samples had determined it was mains water. Following this, Covea say they tried to reach Mrs R to progress the claim by cash settling it, but as they couldn't reach her, they closed the file. Mrs R then complained around 2019 and things began to progress. Mrs R instructed her own surveyor to oversee the repairs. They put together a scope of works that went out for tender, and the surveyor then recommended contractors to Covea, and the cost of repairs were said to be roughly £35,000 (including a contingency sum). Unfortunately, Covid-19 halted works in 2020, and nothing in terms of progress has really happened since. Mrs R says her health has been impacted by the condition of her property that's deteriorated over this significant period.

Mrs R said she didn't want the cash settlement offered by Covea. And Mrs R, in 2023, told the investigator she still has these funds available. But the claim notes also suggest Mrs R didn't want Covea to undertake the repairs, and she didn't want the hassle of appointing her own contractors to undertake the works either. This puts matters in a very difficult position.

The policy says Covea are entitled to settle a claim by cash settling it. That's ultimately what happened here – Mrs R instructed a surveyor to oversee the claim, set out the scope of works, and provide Covea with detailed costings for these works. Following the tender process, the surveyor recommended the contractors who provided the most competitive quote, and Covea accepted this. Covea weren't responsible for overseeing the surveyor appointed by Mrs R – or importantly – the contractors that were selected following the tender process. Covea's liability for the claim was limited to cash settling it. The claim notes show once repairs started, they paid an initial settlement figure. I understand Mrs R was also in alternative accommodation before repairs were halted. Then, later, following many email exchanges between Covea and Mrs R where Covea were telling Mrs R to re-engage her

surveyor and contractors to recommence with works, they completed the settlement by paying Mrs R a further £32,000, in 2022.

As mentioned above, Covea's liability for the claim was limited to cash settling it. They've paid Mrs R the amount given by Mrs R's contractors that they considered – at that time – to be the required funds to complete a lasting and effective repair to the claim-related damage. This was based on the scope of works listed by her own surveyor.

Covea weren't responsible for the scope of works, nor were they responsible for the actions of the surveyor and contractors. I acknowledge Mrs R says she didn't think the repairs were costed correctly or included everything. For example, she says the quote allowed for £3,500 for a kitchen that's worth £10,000. But her concerns with scope and costings were the responsibility for her own surveyor to resolve – not Covea's.

Therefore, it's my opinion Covea has dealt with the claim in line with the policy. It follows, I don't find Covea made an error here. I'm satisfied they took very reasonable steps to try to direct Mrs R to re-engage her own surveyor and appointed contractors. And they settled the claim fairly by cash settling it in line with the outcome of the tender process Mrs R's own surveyor was responsible for.

As a result of the delays, I acknowledge Mrs R's property has suffered further damage and deterioration. It's also known that the costings provided during the 2019 tender process will now be outdated due to inflation. But I can't hold Covea responsible for these concerns or causing avoidable delays. I say this because, as mentioned above, their liability here was limited to cash settling the claim only based on the costings provided following the tender process. the onus was on Mrs R's own surveyor to ensure all claim-related works were included within the scope of works used during the tender process.

I acknowledge the time the claim has ran on for, and have no doubt this has been a very difficult time for Mrs R. She's endured many years living in a water damaged property with incomplete repairs. She's only the use of one room in her property and has said it's unsafe to walk to the kitchen given the level of damage. And I'm aware of the further works required to put her property back into a liveable condition. But, based on what I've seen so far, I'm not satisfied Covea are responsible for this.

Covea does have an outstanding liability for the claim which is to cash settle any reasonable alternative accommodation costs while repairs to Mrs R's property commence and complete. That's something all parties are already aware of.

I accept this won't be the outcome Mrs R was expecting nor hoping for following the investigator's assessment. But I must consider whether I'm satisfied Covea made an error here or failed to settle the claim in line with the policy terms. And – for the reasons I've mentioned above – I'm not satisfied they did.

My provisional decision

For the reasons I've mentioned above, my provisional decision is I don't uphold the complaint.'

Responses to my provisional decision

Mrs R responded to my decision and said, broadly, that:

- Covea should have repaired her property following an ombudsman issuing a final decision in 2014 directing them to do so.
- Her address and telephone number hasn't changed, and it's unfair for Covea to rely on not being able to reach her to handle the claim in the way they did.
- Covea told her to get contractors to provide quotes for repairs. She told Covea she didn't know any contractors that could do this and was therefore told to use previous contractors she had used to provide a quote. The other two quotes were provided by contractors she didn't know and doesn't know who appointed them.
- The local water company say water is entering Mrs R's property as the result of a water table. And no matter how much money Covea pay her, the property cannot be repaired until the water has been removed.

I've carefully considered Mrs R's comments and will now set out my final decision on the matter.

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.

Mrs R says her property is covered for any water damage, but that's not necessarily the case. The policy terms set out a list of perils which are the insured events Mrs R is required to demonstrate occurred that resulted in her property suffering loss or damage. With respect to water damage, the policy says it covers damage following a storm, flood, escape of water, or issues with underground pipes – subject to policy exclusions. An ombudsman decided in 2014 that water tested was found to be mains water – so they directed Covea to deal with the claim, amongst other things.

Given an ombudsman decided previously on the claim outcome, I won't give further comment on the cause of damage that gave rise to the original claim, or the further issues Mrs R says a water company stated was the result of a rising water table. I'm considering whether I'm satisfied Covea settled the claim in line with the policy terms. Covea cash settled the claim in 2022 but Mrs R says the amount wasn't enough and didn't cover everything that was damaged.

It's important I refer back to the policy terms, which say under '*Section A: Buildings*', that:

*'As long as the loss or damage is covered under this **policy**, we will decide whether to settle a claim by either rebuilding, repairing or replacing or by making a payment in respect of the damaged part of the **buildings**....'*

In this case, it's my opinion Covea acted in line with the policy terms cited above. Mrs R had her own surveyor who was responsible for providing a scope of works to put right the claim-related issues, the tender process, and overseeing the claim. Mrs R's surveyor provided Covea with their opinion that the contractors who provided the most competitive quote were appropriate to carry out repairs. And, I'm satisfied it was reasonable for Covea to rely on this when settling the claim.

I'm satisfied Covea's cash settlement wasn't based on preferential rates only they could obtain – they paid Mrs R the amount the surveyor had considered adequate and reasonable to undertake and complete the claim-related repairs. The scope of works shows this included levelling the solum and installing a damp-proof membrane which, as I understand it, its purpose is to waterproof a building to protect it. I acknowledge Mrs R says this scope of works didn't include everything, but as mentioned previously, that was the responsibility for her own surveyor to manage, and Covea's liability was cash settling the claim.

In summary, the policy entitled Covea to cash settle the claim. That cash settlement amount was based on Mrs R's own surveyor's scope of works and tender process Covea weren't responsible for. As mentioned above, Covea's liability was limited to cash settling the claim and I'm satisfied they carried this out fairly and in line with the policy. Therefore, it follows, I don't require Covea to take further action here.

As mentioned within my provisional decision, Covea has an outstanding liability for the claim which is to cash settle any reasonable alternative accommodation costs while repairs take place.

I accept my decision will come as a disappointment to Mrs R. But my decision ends what we – in attempting to informally resolve her dispute with Covea – can do for her.

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 Mrs R to accept or reject my decision before 20 September 2023.

Liam Hickey
Ombudsman