

## **The complaint**

S complains that Covea Insurance plc were unfair in rejecting their claim for fire damage to business equipment.

## **What happened**

S had a Tradesmen & Professionals insurance policy with Covea. The policy provided cover for liability, as well as £60,000 on an All Risks basis for Constructional Plant, also referred to in policy documents as Contractors Plant and Own Plant.

Unfortunately, a fire broke out in the property which neighboured S's premises. The fire spread and damaged some of S's business equipment, for which they submitted a claim.

Covea rejected the claim, they said the equipment wasn't covered because it didn't fall within the definition of Constructional Plant. They also said they thought S, and their insurance broker, knew the policy wasn't suitable because they had sought alternative quotes for cover shortly before the fire.

S didn't agree, so an investigator here looked into the matter. The investigator said Covea's main reason for saying the equipment wasn't Constructional Plant was because it was static, yet no such exclusion or term was included in the policy. They went on to recommend the claim be reconsidered on the basis that equipment fell within the definition of Constructional Plant. S accepted this recommendation.

Covea maintained their stance and reiterated that they thought both S and the broker knew the cover was insufficient due to the request for alternative quotes shortly before the fire.

The investigator explained that the quotes were requested due to additional equipment having been bought, and that the reason the new policy hadn't been taken up was because it was awaiting delivery.

Covea didn't have anything further to add, and didn't challenge the investigator's findings further on either point. But they did ask for an ombudsman to decide the case.

## **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.

The best place to start here is with the relevant policy wording. There appears to be no dispute that the policy provides cover up to £60,000 for Constructional Plant. The policy summary, and Covea's final response letter, defines it as follows:

### ***"Constructional Plant***

*Constructional plant, scaffolding, tackle, equipment, site huts or caravans (other than tools) belonging to You for use in connection with the Business whilst at the Contract Site or at Your Premises"*

I agree with the investigator, the definition includes equipment (which is a fair description of what is being claimed for). It belonged to the claimants and was for use in connection with their business. The damage was caused whilst at the claimants' premises.

In view of that, it isn't unreasonable for it to be considered as falling within the above definition. I do accept, however, that Covea may not have intended for its definition to be interpreted in that way and may – as has been suggested – have been intended for things such as forklift trucks and excavators, equipment that can be/is moved from site to site. Although it is worth noting that I wouldn't consider it unusual for a business to have a forklift truck for use solely on their premises.

But, the policy doesn't go as far as explaining these nuances, nor does it say equipment solely for use at the premises isn't covered. In the absence of such clarity, the interpretation of the business equipment being covered is a reasonable one in this particular case. Further, the policy literature refers to the cover being for Contractors Plant as well as Own Plant – and 'plant' actually indicates items which are fixed (i.e. static).

Turning to the issue of whether S and/or their broker knew the policy was unsuitable for them, I don't agree they did. The broker's notes show S enquired about additional cover, as opposed to a change in cover. They also show that an increase in cover was requested due to new machinery.

So, I don't agree that S or the broker had believed the original policy to be anything other than suitable for the equipment claimed for – not at the time of inception nor the time of the claim. And what's most important to consider, is what cover was actually in place at the time of loss.

### **My final decision**

It is my final decision that I uphold this complaint. I require Covea Insurance plc to reconsider S's claim, on the basis that static business equipment falls within the definition of Constructional Plant. If payment is due, interest should be added at the rate of 8% per annum simple, accruing one month from the date of claim until the date payment is made.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 21 September 2023.

Will Weston  
**Ombudsman**