

The complaint

Mr R complains, on behalf of S, that Covea Insurance plc declined a claim he made on S's commercial property insurance policy.

Reference to Mr R or Covea includes respective agents and representatives.

What happened

As the circumstances of this complaint aren't in dispute, I'll summarise my findings.

- The policy covers S' building, which is made up of four flats.
- In March 2022, Covea accepted a claim from S for storm damage to pipes and gutters of the first floor balcony. S provided a quote for nearly £3,000, which Covea agreed to pay to settle the claim in April 2022.
- In March 2023, the balcony collapsed after a supporting bracket gave way. Mr R got in touch with Covea about it.
- Covea initially declined to take further action based on photos. It said the balcony collapse hadn't been caused by a one off storm event but by gradual deterioration over time. It later appointed a loss adjuster. They maintained Covea's position.
- Mr R complained. He said it was going to cost a significant amount of money to put the problem right and the balcony collapse had caused the residents a great deal of concern – so much so that one resident was risking a considerable financial loss to sell their flat. He thought Covea was responsible for what had happened.
- Covea maintained the damage had been caused by gradual deterioration or wear and tear rather than a single storm, and the claim remained declined.
- Our investigator thought Covea had acted fairly. He said Covea had handled the 2022 claim fairly, the policy only covered damage from single storms, and the evidence didn't show the 2023 damage was caused by the 2022 storm.
- Mr R disagreed. He said the 2023 collapse was the result of latent defects that were present in 2022 but which went undetected at the time because Covea didn't investigate the 2022 claim properly. He said it didn't inspect the damage and shouldn't have relied on S' quote from an incompetent contractor.

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 policy covers damage caused by, amongst other things, storm. I generally consider a storm to be a particular instance of weather conditions of severe or unusual intensity – not bad weather over time.

There's no dispute the damage to the pipes and gutters in 2022 was covered by the policy under storm. Covea paid the quote S provided for repairing that damage.

The dispute is whether the 2023 balcony collapse damage is covered. There are essentially two ways it could be. Firstly, if it was caused by storm in 2023 or, secondly, if it was caused by or resulted from the 2022 claim. I'll consider the evidence available about the cause of damage and then go on to consider each way the claim could be covered.

Evidence about the cause of damage

Covea appointed a loss adjuster to inspect the problem in 2023. They didn't think the balcony collapse had been caused by storm because they said there were no significant adverse weather conditions recorded locally prior to the collapse and the brackets supporting the balcony had rusted significantly. They said the damage had been caused by gradual deterioration of the bracket over time.

Mr R provided a structural engineer report from a company I'll call H, which was carried out in May 2023. Whilst I know he says it didn't reflect the observations made during the inspection, I have to take at face value the professional opinion expressed in the report by H.

In my view, H's report didn't reach a conclusion about the cause of damage. It noted the property is "very exposed to wind loading" but didn't go on to say that strong winds – at any time – had caused the damage. It said the brackets didn't show "any particular signs of general corrosion" and observed that failure in ironwork tends to be sudden. It also said "natural stresses in stonework can be progressive" and the timber posts were "considered unlikely to have been sufficiently robust, leading to cyclic movement of the canopy and ... balcony". But it didn't offer an opinion on these points as it said further investigation was required. I understand no further investigation has taken place.

This means I'm not satisfied that H's report challenges Covea's position. The weight of H's comments are more in favour of a gradual, longer term deterioration problem than a sudden storm problem, but no firm conclusion is drawn either way, so it doesn't persuade me that Covea's position is unfair.

Mr R has provided his own comments about the cause of the damage, including the possibility that the arrangement of nearby buildings could have accelerated wind speeds and had an impact on the balcony. Whilst I don't rule out this possibility, nor have I seen objective evidence from a surveyor or engineer to say this is the likely cause of the damage.

Was the damage caused by a storm in 2023?

I've checked the weather records around and shortly before the time the balcony collapsed. I agree with the loss adjuster that there weren't storm conditions. The highest recorded wind speeds were far below that I'd usually consider storm force.

That means there's no evidence of a storm at the relevant time. And without a storm, there can't be storm damage.

Mr R says continued strong winds after the 2022 storm caused further strain to the balcony structure until it eventually collapsed. If that were the case, it's indicative of gradual deterioration and not sudden damage as the result of a single storm event.

For these reasons, I'm not satisfied the balcony collapse was caused by a storm in 2023.

Was the damage caused by, or did it result from, the storm in 2022?

I understand this is Mr R's main point. He says the failed bracket, which led to the collapse, was a latent defect present but undetected in 2022.

Mr R bought one of the flats in July 2022, after the claim had been settled. At that time, he obtained a home buyer's report. It didn't mention a problem with the balcony, so he says it supports his position that the problem is a latent defect. But the report's focus was his flat, which doesn't benefit from the collapsed balcony, so comment about it was limited. It noted repair of the balcony may be needed but didn't identify a particular problem. That repair could be a response to the bracket problem or simply to routine maintenance. Overall, I'm not persuaded the report supports Mr R's position. It doesn't comment on the balcony in enough detail to be relied upon to identify the condition of the balcony in July 2022.

But even if I accepted the bracket problem was present at the time of the 2022 claim, that alone wouldn't be sufficient for me to find that Covea is responsible for it – and putting right the damage caused by the collapse. I would also need to find that the problem had been caused by the 2022 storm. However, as noted above, neither the loss adjuster nor the structural engineer linked the problem, and subsequent collapse, to the 2022 storm.

I understand Mr R says this is because Covea didn't consider the 2022 claim thoroughly – and had it done so, it would have found the problem and linked it to the storm.

Covea settled the 2022 claim based on a quote provided by S. Covea said it didn't need to inspect the damage or prepare a report because it thought the amount claimed for was reasonable. I'm satisfied that's a reasonable position for Covea to take. I'll explain why.

The policy says it will settle an accepted claim by paying the cost of reinstatement. S set out what it would cost to reinstate the damage – and Covea agreed to that. Had S asked Covea to pay a higher amount and/or for more work, I would have expected it to consider that – but S didn't. I can't hold against Covea that S and/or its contractor didn't ask it to do more.

As Covea was prepared to cover the work and meet the cost S set out, there was no need for Covea to have the damage inspected. I wouldn't expect Covea to inspect the damage in each and every claim, but to use its judgement based on the nature of the damage and the cost involved to decide whether an inspection is helpful in a particular claim.

If the information Covea had received ought reasonably to have made it aware there were likely to be more costs associated with the reinstatement of the damage caused by the 2022 storm, I might have expected it to do more than simply pay what S had asked it to. That might include an inspection. But I don't think that was the case here.

Whilst the photos Covea received in 2022 may have suggested there were potential problems with the balcony beyond the pipes and guttering, there was no indication at the time that this had been caused by the 2022 storm. And based on the available evidence discussed above, there still isn't a firm link between the 2022 storm and the 2023 damage. So even if Covea had inspected the property in 2022, I'm not satisfied the evidence shows it's likely it would have found further damage caused by the 2022 storm.

Mr R says Covea ought to have noticed errors in the quote provided in 2022 – and had it done so, that might have called into question the competence of the contractor. I wouldn't usually expect Covea to question minor errors that are likely to be a 'typo'. And even if it did,

I don't see how such an administrative error would give Covea cause to question a contractor's professional competence. I can only conclude that since S used the contractor and didn't call into question the errors, S was satisfied of the competence of the contractor.

Overall

Taking everything into account, and thinking about the different ways Covea might be responsible for the damage caused by the balcony collapse, I'm satisfied Covea has acted fairly. And I don't require it to take any further action based on the available evidence.

Mr R is entitled to take further advice and/or arrange for further investigations if he wishes. If he does, I would expect Covea to reconsider its position.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask 5 to accept or reject my decision before 22 December 2023.

James Neville
Ombudsman