

The complaint

Mr P complains that Covea Insurance plc have provided poor service regarding his policy renewal.

What happened

Mr P held a buildings and contents insurance policy with Covea.

In April 2023 Mr P was made bankrupt, but he didn't inform Covea, as he didn't realise he needed to.

In early September 2023, Mr P's broker contacted him about his annual renewal and asked him about any changes. Mr P informed them of the bankruptcy.

The broker advised Mr P that Covea wouldn't offer a new policy as they couldn't offer cover following a bankruptcy. However, the underwriters would look at it.

Mr P complained on 5 September that Covea weren't treating his wife fairly as she was being penalised for his bankruptcy.

On 22 September Covea told Mr P's broker that they would not offer further cover, and the cover expired on 28 September. Mr P says his broker was only able to find him a basic policy.

Mr P further complained that he was unhappy with his treatment as a longstanding customer, the length of time taken to resolve his complaint, the time wasted by Covea referring it to the underwriters when they wouldn't offer cover, Covea retaining his premiums for the 22/23 policy year, and the stress caused to his wife by the process.

Covea didn't uphold Mr P's complaint, and so he brought his complaint to us.

One of our investigators has looked into Mr P's complaint and she thought that Covea had acted fairly but should apologise to Mr P for their failure to return a call.

Mr P disagreed with our investigator's view, and so the case has come to me to review.

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.

I have not upheld Mr P's complaint, and I will explain why.

The renewal

Covea have the right to decide what types of risk they will insure, and we can't tell them to provide cover for risks they aren't willing to accept. However, we can consider whether they have applied their underwriting criteria fairly.

Covea have provided us with evidence of their underwriting criteria, which shows that:

"We should decline proposals where a proposer (or anyone living with them) has been declared bankrupt or had a bankruptcy discharged within the last 5 years."

So I think it's clear that at renewal, when the bankruptcy was disclosed, Covea could no longer offer cover to Mr P.

Mr P has complained that his wife is being treated unfairly as she is being penalised for his bankruptcy, but because of the underwriting criteria above, Mrs P wouldn't be able to be a proposer either as long as Mr P was living in the house, so I so whilst I can understand Mr P's view, I can't say that Covea are acting unfairly in not offering cover to Mr P or his wife, as it is in line with their underwriting criteria.

The retention of the premium for the previous year

Mr P has complained that Covea have kept his premiums for the period from April 2023 when they could have terminated cover and returned his premiums.

The policy wording says:

General Conditions

Changes in risk

You must notify us immediately of any changes in circumstances which may increase the possibility or extent of loss, damage or legal liability covered by this policy. For example, we would need you to notify us:

- *if you or anyone living with you:*
 - *have been declared bankrupt, entered into an IVA (Individual Voluntary Arrangement) or become subject to bankruptcy proceedings, or been served with any County Court*

So I think it's clear that Mr P should have notified Covea of the bankruptcy in April 2023.

Covea have explained to us that they could have retrospectively cancelled the cover back to April 2023 but decided not to as they considered the impact this would have had on Mr P - he would have had to declare the policy cancellation to any future insurers, making it more difficult to get insurance.

I'm satisfied that Covea have acted fairly here and in what they believe to be in Mr P's best interests. However, they have also said that if Mr P wishes, they will reverse this decision, cancel the policy from April 2023 and refund the premium. Mr P should contact Covea if he wishes to do this.

Delays, service and complaint handling

Mr P has complained that Covea delayed in responding to his complaint and referred the matter to the underwriters, and that these delays prejudiced his position with getting insurance.

I can see that Mr P raised his first complaint on 5 September, and the final response was issued on 5 October. I can appreciate why given the impending renewal that Mr P wanted his complaint dealt with more quickly, however, it's not within our remit to look at failures in complaint handling by insurers, and so I can't make any findings about this.

I can look at whether there were any delays in providing clarity about the decision, and the underwriting criteria, and how this impacted Mr P.

Mr P feels that there was a lack of clarity throughout September when Covea said they were looking at the underwriting criteria. However, I see that from 5 September Mr P was on notice that Covea most likely couldn't offer a renewal, giving him until 28 September to find an alternative insurer. The broker was formally notified of the withdrawal of renewal on 22 September and this was followed up in writing on 25 September, giving Mr P and his broker six days' notice before the end of cover to find an alternative.

I appreciate that Covea could have been a bit quicker in providing that final decision, but I can see that they were considering the best way to proceed in respect of the retrospective cancellation, and I consider that Mr P and his broker had sufficient time to find an alternative insurer. So I don't think he was prejudiced by this .

Mr P has told us that his wife was distressed by what happened. While I don't dispute that this situation must have been stressful for them both, Mrs P wasn't a joint policyholder, and so I can't consider any impact on her as she isn't an eligible complainant under the rules I have to follow.

My final decision

My decision is that I'm not upholding Mr P's complaint about Covea Insurance plc, and they don't need to do anything further.

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

Joanne Ward
Ombudsman