

The complaint

Mr W complains that Covea Insurance plc has failed to treat him fairly when handling a claim on his commercial buildings insurance policy.

What happened

Mr W notified Covea of an issue with his property at the end of June 2023. He was concerned about damage being caused by a leak under his property after being notified of an issue by the local water company.

In early July, Covea appointed a Loss Adjuster to attend the property and confirm the cause of damage. On 25 July, a leak detection inspection was completed by a third-party company appointed by Covea. It didn't identify any visible damage which was related to an escape of water and it didn't identify any leaks with the property's internal pipework. But its testing did indicate there was a leak present when it isolated the outlets in the property and checked the external water meter.

It was felt the leak was on the neighbour's property and there was no damage to Mr W's property as a result of this. Following this, Covea said it was repudiating the claim.

In August, Mr W complained about the time taken for the claim to be dealt with. He said he was previously told the claim could be cash settled and he didn't think it was fair he was now being told the claim was being declined. He also asked whether Covea could assist with tracing the leak as he felt his insurance provided this level of cover. And it wasn't clear where the leak was from the initial assessment with the water company believing the leak to be present under his property.

Mr W provided details of information he had on 11 August 2023 which said it was likely there was a leak within his property.

Covea appointed a second leak detection survey in response to Mr W's report. This concluded there was a leak in the mains water supply shared with the neighbouring property. But the location of the leak was likely under Mr W's kitchen floor.

Covea looked into Mr W's concerns and issued a final response on 25 September 2023. It said it didn't think it had done anything wrong with how the claim had been handled up to this point. While it was still on going, it said the leak detection survey in July didn't show a leak at Mr W's property and there was no new evidence to contradict this. It felt Mr W had been given information about possible options, but no claim had been accepted or cash settlement amount offered and anything provided was information only. It didn't believe there had been any unreasonable delays with any of the communications between it and Mr W and it didn't think it needed to do any more.

Our investigator looked at this complaint and thought Covea needed to do something to put things right. They felt there had been avoidable delays with the handling of the claim and it wasn't accepted as quickly as it might have been, with Covea's actions causing additional inconvenience to Mr W.

They highlighted that the further leak detection survey completed on 29 August 2023 showed there was a leak from the shared mains and it was most likely, under the kitchen of Mr W's property. They felt a delay of almost a month between the first and second report resulted in the claim being delayed and as Mr W's policy provided trace and access cover, this should have been covered by Covea sooner.

Overall, they felt the handling of the claim meant more inconvenience had been experienced by Mr W than is reasonable to expect when dealing with a claim. For this, they recommended that Covea pay Mr W £250 for the inconvenience experienced.

Covea did not accept the recommendation. It felt the complaint should only be considering the initial five weeks of the claim. With it believing this to be from when Mr W first notified them of the loss until he made his complaint in early August. It didn't think there was any delays or issues within this time frame and to go beyond this was unreasonable.

Mr W didn't accept the recommendation either. He felt the proposed cash settlement which was initially offered had not been properly considered and the impact of this being denied later via emails. Mr W also raised a number of concerns about the subsequent handling of the claim and repair works.

The investigator explained they had taken account of the cash settlement being mentioned previously and the impact of this. This was part of their considerations when looking at the impact of the claims handling up until the September final response was issued. But she was not able to comment on any events after this point. Their opinion remained that it was fair for Covea to pay Mr W £250 compensation for how the claim was handled up until this point.

Because both sides disagreed, the complaint has been passed to me for 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.

I've decided to uphold this complaint, for much the same reasons as our investigator.

I appreciate Covea has said that it feels the complaint should only consider the events of the claim up until the point Mr W raised his complaint about the claim handling and decision. But as the complaint is about the claim and this was ongoing while it was looking into his concerns about this, I think it is fair to consider what happened up until the date of its final response when it finished looking into these, issued on 25 September 2023. And Covea referenced events after the 11 August in its final response. So it would be unfair to discount these when thinking about what has happened.

A second final response was issued by Covea in April 2024, but I am only considering the events and what happened until the September 2023 final response date in this complaint. Mr W has a second complaint with this Service looking at the actions of Covea from 25 September through until 10 April 2024.

When a claim is made, there is always a level of inconvenience. Our investigator has highlighted that we would generally only look to ask a business to compensate a customer for inconvenience which goes beyond what might be considered reasonable to expect.

Mr W has highlighted a number of communications where he feels he did not receive a

response from Covea or its loss adjusters in a timely manner. I appreciate the frustration he has with responses not being as prompt as he would have liked and why this has added additional inconvenience when he's needed to chase for answers. This has impacted the time he's needed to spend when dealing with this claim for his commercial property.

I think more could have been done to update Mr W on the outcome of the first leak detection survey sooner. Mr W called the day after this had been completed, looking for an update as he was keen to know what was happening. He was told it would be a few days until this could be provided. But the report was not shared until after the claim had been declined on 11 August. This meant Mr W was not given the opportunity to provide more information in response to what this said.

The report completed on 25 July said the following:

"Upon continuing the investigation, we isolated all of the outlets in the property and checked the external water meter. In doing so we observed continual movement on the meter indicating the presence of a leak."

It was identified that a leak was likely present and only confirmed there was no leak within the internal pipework of the property. With this in mind and as Mr W's policy provides cover for trace and access, I don't think Covea acted fairly when declining the claim at this point over exploring other options.

Mr W provided more information about what had been provided by the water company and its opinion on where the leak was and it was agreed that Covea would appoint a second survey. But this was arguably delayed when the initial survey results were not shared sooner or acted on with a follow up assessment to trace the leak it had identified.

The later assessment at the end of August showed the leak was likely coming from Mr W's property and pipe work underneath the kitchen with it saying the following:

"It is confirmed there is a leak from the shared mains under property numbers XX and XX, most likely in the floor of the kitchen of number XX."

Covea progressed the claim following this second report as it provided more detail on the likely location of the leak and impact on Mr W's property.

Mr W had already expressed his preference on the repairs, having been given indications of what could be done by the water company with a new pipe and re-route being the preference. It was conversations about this and what Covea might be able to do or not which led to a cash settlement being discussed as an option.

It is understandable when, conversations have been had about the potential repairs that Mr W would have found it distressing to be told his claim was being declined. And this answer being given when both leak detection survey's confirmed the presence of a leak at his property will have added to this and the frustration at needing to do more to ensure the claim was being progressed.

Covea doesn't think it needs to pay Mr W any compensation for this as generally its communication and handling of the claim was fair up until this point. But I am in agreement with our investigator that more inconvenience was added and this could have been avoided if Covea had provided information to Mr W sooner or overlaid what it already knew about the claim when reviewing the information provided.

Mr W has had to continue pushing Covea for information on the claim and the next steps to

identify the leak and this is additional inconvenience which could have been avoided. And there was a loss of expectation when a cash settlement amount was discussed to the point that Mr W believed this was something on the table. I accept this may have been offered in error and I would not expect this to be honoured. But this has added to the time Mr W has needed to spend when dealing with this claim for it to be progressed.

The impact of the this is beyond what I think is reasonable to expect and it is right that this is recognised.

Putting things right

Overall, to recognise the impact of the handling of this claim and additional inconvenience experienced, Covea should pay Mr W £250.

My final decision

For the reasons I've explained above, I uphold Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 23 October 2024.

Thomas Brissenden
Ombudsman