

The complaint

Mr G and Miss T complain that Covea Insurance plc (Covea) has unfairly said it won't meet a claim they made for water damage to their adjoining flats.

What happened

Both parties know what's happened during this complaint, so I won't go into detail. But in summary:

Mr G and Miss T live in adjoining basement/ground floor flats which were created when a large building was reconfigured several years ago.

In January 2021 they both discovered water damage in their respective properties, and made a claim on the buildings policy that covers the whole building.

Covea agreed to look at the claim and sent a contractor to look at the damage. Covea then said it wouldn't meet the claim because it believes the tanking system meant to keep the property dry was defective and this has caused the problem.

Mr G and Miss T say no proper investigation was carried out by Covea's representative, and a survey they've had done suggests there may be other reasons why the tanking system has been overwhelmed – not simply that it's defective.

When Mr G and Miss T complained, Covea didn't change its stance, so they've asked us to look at the complaint.

Our investigator didn't think Covea had done enough to say it could fairly apply the exclusion it's relied upon and should meet the claim, but not pay to replace the tanking. She also recommended Covea pay any associated costs Mr G and Miss T had had, and that they pay Miss T (who has in the main dealt with the claim) £300 compensation for the distress and inconvenience she's suffered.

Covea sent no meaningful response to the investigator's recommendation, so I issued my provisional findings in January. In summary, I too didn't think Covea had done enough to show it could avoid meeting this claim by using an exclusion that meant it need not meet a claim if the damage had been caused by either "inherent defects" or general wear and tear.

I reached that conclusion because:

- There is no agreement about what caused the problem. Covea's representative only carried out a visual survey and said the tanking might be faulty – not that it was. Mr G and Miss T had a more extensive survey carried out – and their surveyor thought an external drain might have caused the problem.
- The tanking itself is only a few years old – so unlikely to be suffering from wear and tear. There have been no problems before this claim.

- Covea suggested that Mr G and Miss T claim on any guarantee they might have for the tanking – but Mr G and Miss T say they don't have one, so that isn't an option. I didn't think Covea could pass off its responsibilities under the insurance policy based on this argument, especially when the tanking hasn't been established as the cause of the problem.

Taking everything into account I thought Covea should meet the claim, pay any additional costs Mr G and Miss T had incurred and pay them £450 compensation for the way it had handled the claim - £300 to Miss T as she'd had the majority of the contact with Covea, and the remainder to Mr G.

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.

Covea hasn't responded to my provisional decision other than to say it received it. It has taken no additional steps to clarify what exactly caused the problem – and so I must presume it's content to meet the claim as I suggested.

Mr G and Miss T responded, accepting my provisional findings.

Given the above I see no reason to change my provisional findings and I'm going to uphold this complaint.

Putting things right

Mr G and Miss T have pointed out that there might be additional damage caused because of the delay and that as any remedy will likely mean removal and replacement of the floor (inevitably damaging the tanking) they included that in the quote they sent. They say they've attempted to get further quotes but it's taking time because this is a specialist area of work. However, from what they've received so far the costs seem to be comparable across a couple of contractors. Mr G and Miss T also want to be sure that any work carried out meets the relevant regulations.

Mr G and Miss T want clarification of exactly what work will be carried out, as they think otherwise there might be problems getting the work done – and most importantly getting it paid for by Covea.

I'm afraid I can't give Covea explicit instructions other than to meet the claim as the policy specifies, nor can I comment on problems that haven't occurred.

I also can't say exactly what work needs to be done, as sometimes the extent of work changes as repairs progress. But Covea must return them to the position they were in before the claim, which will include repairing the damage caused by the water ingress and replacing the tanking if it gets damaged. Covea will also need to repair and re-decorate their respective properties as needed. Covea needs to provide lasting repairs, so it's reasonable to expect that any relevant work is carried out in line with current standards and regulations.

If Mr G and Miss T are responsible for any external pipe that proves to be the cause of the problem, then they'd need to get that fixed, as otherwise any repairs might fail.

In order to put things right, Covea should:

- Meet the claim subject to any other terms and conditions in the policy. For clarity

Covea can not rely on any exclusions that include failed tanking, intrinsic faults or wear and tear.

- Covea can choose how to settle the claim. That means it can carry out the work itself, or give Mr G and Miss T a cash settlement. If Covea *only* offers a cash settlement, then that figure must be based on reasonable quotes provided by Mr G and Miss T. If Mr G and Miss T don't want Covea to carry out the work, then Covea can base a cash settlement on the costs it would have incurred, rather than Mr G and Miss T's quotes. In either case Covea will likely want to survey the damage to cost the repairs. I expect Covea to handle this claim promptly given the delays it's already caused.
- Covea must pay Mr G and Miss T any additional costs they've suffered – such as storage or rent, etc., up to the point repairs are completed or a cash settlement paid. Mr G and Miss T will need to provide evidence to support these costs.
- Mr G and Miss T want this claim to be paid as a joint claim, rather than two separate claims. I'd expect Covea to accommodate that request if at possible given they are claiming under the same policy and are both listed on the paperwork.
- Covea should pay Mr G £150 and Miss T £300 to compensate them for the way it's handled the claim.

My final decision

My decision is that I uphold this complaint and require Covea Insurance plc to meet the claim as outlined above. It must also pay Mr G and Miss T the compensation outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Miss T to accept or reject my decision before 11 March 2022.

Susan Peters
Ombudsman