

## **The complaint**

Company K has complained about Covea Insurance plc. It isn't happy about the way they dealt with a claim under its commercial buildings insurance policy.

For ease of reading any reference to Covea includes its agents.

## **What happened**

Company K made a claim through his policy after an escape of water in his block of flats caused damage to his property. But when Covea considered the matter Company K wasn't happy about the way they dealt with the claim. It wasn't happy about the quality of repairs; the materials used; the manner in which the contractors treated K; that the drying wasn't completed properly; and that a fraudulent electrical report was produced by Covea. K complained to Covea and then this Service about all of this as it wanted the repairs undertaken to a good standard, the property rewiring and compensation.

Our investigator looked into things for Company K and upheld the complaint. He explained that he couldn't look at K's complaints about loss of rent and Covea's contractor's storage of items at K's property as these points were brought out of time. He went on to say that he was satisfied Covea had appointed the contractor that oversaw the repairs (not K) and so should be responsible for any errors made by the contractor. Ultimately he thought Covea should pay the costs K incurs in appointing their own loss adjuster or surveyor, electrician, and drying company to provide reports in relation to outstanding work if it is related to this claim. And pay for the works to be completed based on the lowest of three quotes and cover any loss of rent and utility bills during the repair period (plus 8% simple interest) and pay £500 compensation for the inconvenience caused.

As Covea didn't agree, mainly maintaining that K appointed the contractor, the matter has been passed to me for 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.

Having done so I think the complaint should be upheld. I know this will come as a disappointment to Covea, but I'll explain why.

I also think it's important to explain I've read and taken into account all of the information provided by both parties, in reaching my decision. If I've not reflected something that's been said in this decision it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless it's relevant to the crux of the complaint. And as outlined above a number of

points raised by Company K have been dealt with separately under another complaint and were brought to this Service too late for us to consider.

Although I can understand Covea's position that K appointed the surveyor and contractor I agree with our investigator that Covea, in effect, appointed the contractor. I say this as the contractor is one that Covea consulted initially and ordinarily uses and K was told the claim couldn't proceed without it agreeing to use this particular contractor.

I've also seen some evidence that management of the claim and contractor was done through Covea and so I think they were acting on their behalf. And I've seen communication, including in relation to Covea chasing costs from K for the contractors that suggests to me the contractor was acting for Covea and that Company K had no real choice in the appointment. And as I'm satisfied the contractors were appointed by Covea I agree that they are responsible for the contractor's actions and any poor workmanship.

Company K has raised concerns that it didn't approve the flooring, tiles, wallpaper, and other aspects that were chosen for the property, especially in relation to parquet flooring being replaced by non-parquet flooring. And I would expect these to be agreed by K and replaced on a like for like basis. I know Covea has offered a cash settlement (which K feels falls short of the actual costs) for this, but I agree with our investigator that it would be fairer to have these repaired and replaced. Similarly, K has raised snagging issues that weren't dealt with and provided some evidence of poor workmanship, so it seems logical that these are considered at the same time.

I know Company K has suggested the electric certificate was fraudulent, but I don't agree. It just appears to me that the certificate was in draft form and there appears to have been some mistakes within the document. I say this as K has provided an earlier report that is at odds with aspects of this document. So, I agree it would be fair to simply gain a new valid certificate and report and undertake any work that could be attributed to the claim.

K also says drying equipment wasn't put into the property after the escape of water and the property has been left with high moisture levels. I agree with the investigator that it is reasonable to think some drying out was necessary. But an expert can judge if this is required and see if the moisture levels are linked to this claim or not.

Given there has been a complete breakdown in communication between Company K and Covea I think it makes sense to appoint independent parties to look at the position now, although I can understand why Covea looked to cash settle for this reason as well. But this seems a fairer way to approach the settlement in the particular circumstances of this case.

So, I think Covea should allow Company K to appoint its own loss adjuster or surveyor, drying company, and electrician to inspect his property and report on whether any of the remaining damage can be attributed to this claim providing reports accordingly. If any work is required that is attributed to this claim then that work can be put out to tender by Company K and Covea can pay the cheapest of the three quotes that should be gained. Plus, I agree K should be paid any loss of rent and utilities incurred during this rectification period.

I agree Company K has been subjected to a fair degree of inconvenience here. All insurance claims can be difficult and challenging but I agree that K has been inconvenienced here and that £500 compensation feels fair. It was threatened with court action by the contractors and clearly a lot of additional evidence gathering, and work has gone into this claim over and above what would be considered reasonable.

Finally, I note Company K has raised concerns that council tax hasn't been covered as part of its losses which Covea said it would consider at a later stage, although Covea feel this

shouldn't be covered now as the policy doesn't specifically say it will cover council tax. However, it appears to me K has incurred this cost because of ongoing delay in dealing with the claim so Covea should cover this. Indeed, Covea looked to pay loss of rent previously in acknowledgement that the work could have been undertaken earlier and because its contractors looked to store equipment and materials for the duration while the property remained unoccupied. So, it follows that Covea should pay the council tax (subject to reasonable proof) for the period it covered loss of rent for. Plus, it should pay 8% simple interest per annum from the point the cost was incurred until the date of settlement.

### **My final decision**

It follows, for the reasons given above, that I uphold this complaint. I require Covea Insurance plc to:

- pay the costs for K to appoint its own loss adjuster/surveyor, electrician, and drying company to provide the required reports;
- pay for any works required following these reports to be completed based on the lowest of three quotes;
- cover any loss of rent and utility costs during the repair period;
- reimburse K for council tax costs for the period Covea covered loss of rent for his claim;
- add an additional 8% simple interest per annum to this figure from the point the costs were incurred until the point of settlement; and
- pay £500 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask K to accept or reject my decision before 28 October 2022.

Colin Keegan  
**Ombudsman**