

## **The complaint**

Mrs D and Mr S' complaint is about Covea Insurance plc's ongoing handling of two claims made under their home insurance policy.

Unless otherwise stated, all references to Covea include its appointed agents.

Mrs D and Mr S' complaint has been brought by Mr S, so for ease of reading I'll usually refer to him directly.

## **What happened**

Around August 2020, there was a flood to the ground floor of Mrs D and Mr S' property. They moved to alternative accommodation and a surveyor (P) was appointed to oversee the repairs. P was introduced to Mrs D and Mr S by Covea's loss adjuster.

Around December 2020, a new boiler was fitted by a heating engineer (R) – subcontracted by P. There followed a significant escape of oil to the property and surrounding grounds. Covea accepted a second claim under Mrs D and Mr S' policy for the escape of oil. An initial report of the consequential damage suggested the reserve for the repairs to be in the region of £250,000 – £300,000.

Mr S is unhappy with Covea's handling of both claims and complained to our service.

Mr S says in summary:

- Covea has a greater responsibility for the contractor and sub-contractor's actions than it is admitting.
- The sub-contractors selected to do the work were based on previous relationships with P. And given the short timeframes of work to be carried out they had little choice but to accept them and move on.
- The contractors employed by Covea to reinstate the property have shown multiple examples of not being fit for purpose, with bad quality workmanship, poor surveyor management, and secondary damage (separate to the escape of oil) caused.
- Covea's loss adjuster and P were clearly trying to limit the costs and repair work involved. This included a lack of testing of the kitchen units for contamination following the flood (which were later found to be contaminated).
- The loss adjuster and P failed to act on their concerns about the smell of fuel in the property for over 4 weeks, until an external oil slick alerted them to the escape of oil.
- They've not had any updates on Covea's attempts to pursue a recovery of the repair costs associated with the escape of oil.
- Their policy premium has gone up by 68% annually and its clear there'll be a long-lasting impact to premiums based on the two claims.
- They've been out of home for close to two years.
- Covea's management of both claims has been poor throughout, with delays, lack of communication and progress.

- They've been unable to secure a new mortgage deal as a result of the delays, subsequent escape of oil and current condition of the property. And they'll be unable to look for a new deal until the property is habitable.
- Mr S also provided a timeline of events spanning the first notification of the flood event in August 2020, up to early January 2022.
- To put things right, Mr S wants financial compensation for how their claims have been handled, and for the stress and inconvenience caused throughout by having to take such a direct involvement in progressing matters.

Covea says in summary:

- R was appointed by P who it had introduced to Mrs D and Mr S to manage the repairs. So, R is therefore Mrs D and Mr S' contractor and Covea isn't responsible for the poor workmanship that caused the escape of oil.

The complaint was referred to our service and on 22 September 2022 I issued my provisional findings to the complaint. I've repeated an extract below:

*"Covea didn't provide a final response to Mrs D and Mr S, so our service has said to both parties that all matters up to 31 December 2021 will be considered. And any concerns (such as Covea's refusal to reinstruct a surveyor at Mr S' request) which fall after this date will be considered as a separate matter.*

*I'll first look at what I see as the main crux of Mrs D and Mr S' argument; that Covea has a greater responsibility for the actions of the contractor P and subcontractor R than it is admitting.*

*In doing so, I've considered three questions:*

- *Did Covea appoint P or R as it's "agent", (by which our service considers Covea responsible for P and R's actions), and is it therefore liable for any problems with the repair work?*
- *Did Covea agree to "reinstate" Mrs D and Mr S' property under the terms of the policy, and is therefore required to take responsibility for the failure of the repairs to be effective and lasting?*
- *Did Covea adequately explain to Mrs D and Mr S that it was not reinstating their property, but instead only paying for the cost of the reinstatement? And did it therefore provide Mrs D and Mr S with reasonable guidance to help them make a claim?*

*Were P and/or R Covea's agents?*

*I've considered the "General Conditions of Offer for the Appointment of Professional Services" ("the contract") which was drawn up to cover the repairs to Mrs D and Mr S' property. The contract is signed by Mrs D and Mr S, (referred to as "The Client"), and P (referred to as "The Consultant"). Covea isn't a signatory to the contract.*

*As far as I can see, neither P nor R are directly employed by Covea. And although P is acknowledged in other correspondence as one of Covea's panel contractors, both are ultimately independent contractors. So, any responsibility Covea has for the work carried out by either P or R would instead need to be set out in the terms of the contract.*

*The contract states, "Where additional consultants or specialists are required then they will be directly appointed by the Client. However, if so instructed by the Client, the Consultant will act as the Client's agent (disclosing the Client as principal) in the appointment of such Consultant's or Specialists after receiving the Client's prior approval."*

*And:*

*"Where additional consultants or specialists are appointed either directly or by the consultant as the Client's agents, then the Consultant will co-ordinate and integrate the work of the other consultant's or specialists, if so requested by the Client, but the Consultant will not accept any responsibility whatsoever for the performance of their duties."*

*I can't see anything within the contract that shows the appointment of P, or later R as agents of Covea, or to show Covea had agreed to be responsible for their actions. Instead, the contract is between Mrs D and Mr S, and P. And what appears to have happened is that P appointed R on Mrs D and Mr S' behalf by acting in its capacity as their agent within the terms of the contract.*

*Therefore, it isn't possible for me to conclude Covea were directly responsible for any of P or R's errors in their capacity as its "agents". However, there remain two further areas for me to consider below.*

*Did Covea agree to reinstate Mrs D and Mr S' property under the terms of the policy?*

*The terms of Mrs D and Mr S' policy under the "Basis of claims settlement" explain Covea's options and state:*

*"We will*

- at our option either:*
  - reinstate or replace the damaged **buildings** or any damaged part of the **buildings**; or*
  - pay the cost of any necessary repair or replacement work."*

*Our service's general approach is that if an insurer has chosen to reinstate the damage claimed for, then it must ensure that the repair is effective and lasting. And this means the damage must be fully put right, and for an appropriate amount of time.*

*In the circumstances of this case, the answer to the question of whether Covea agreed to reinstate Mrs D and Mr S' property isn't clear cut. But simply put, Covea should have made it clear to Mrs D and Mr S which of the two options above it was choosing.*

*If I were to consider the terms of the contract alone, then this would suggest Mrs D and Mr S agreed to undertake the full reinstatement of the property themselves. But there are aspects of this claim which lean more towards Covea choosing to reinstate the property, rather than simply paying the costs of the repair work. I say this for the following reasons:*

- Covea's loss adjuster was heavily involved in the claim, both in signing off/approving P's costs and agreeing the scope of works required. And this lends weight to the argument that Covea was "controlling" the claim. In other words, nothing could proceed without being run past Covea's loss adjuster first, which suggests Mrs D and Mr S didn't have the autonomy to make decisions on the repairs.
- There's clear evidence of the costs being negotiated throughout the claim. And of the most competitive, or "cost effective" tenders being chosen during the repair contract.
- The correspondence between P and Covea's loss adjuster suggests that cost was the predominant reason to choose certain contractors.
- The fact that Covea introduced P to Mrs D and Mr S, either intentionally or not, meant it influenced the choice of who ultimately did the repairs.

Therefore, I think the evidence shows that Mrs D and Mr S most likely believed that Covea, through its actions, had chosen to reinstate their property. And this would support some of the later actions they later took, such as complaining directly to Covea about the delays and poor workmanship of the contractors.

However, even if I'm wrong on this point, and Covea can show it clearly chose not to reinstate Mrs D and Mr S' property, there remains a further consideration here.

Did Covea provide Mrs D and Mr S with reasonable guidance to help them make a claim?

If an insurer chooses to simply pay the cost of any necessary repair, our service expects to see that the consumer has been given clear information about their responsibilities should things go wrong.

In addition, there are relevant rules which apply here; the Financial Conduct Authority ("FCA")'s Principles for Business ("PRIN"), specifically PRIN 2.1.1 state:

*"A firm must pay due regard to the interests of its customer and treat them fairly.*

*A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.*

*A firm must manage conflicts of interest fairly, both between itself and its customer and between a customer and another client."*

And the FCA's Insurance: Conduct of Business sourcebook ("ICOBS"), specifically ICOBS 8.1 states:

*"An insurer must:*

*(1) handle claims promptly and fairly;*

*(2) provide reasonable guidance to help a policyholder make a claim and appropriate information on its progress"*

*In applying these rules to the circumstances of this complaint, I would expect Covea to have made it clear to Mrs D and Mr S:*

- Who exactly was responsible for reinstating the property; Covea, or Mrs D and Mr S?
- If Mrs D and Mr S were responsible, what this would mean for them in terms of choosing a repairer, the signing of any building contracts and project managing the repairs.

So, from the outset, there's a concern here around Covea introducing P to Mrs D and Mr S:

- P was one of Covea's panel firm of repairers. So, it's possible that Covea knew that in recommending P, it wouldn't be responsible for the repairs due to the terms of the contract.
- Covea had existing commercial arrangements with P and as such may have benefited from lower prices, without considering the aspects of the reinstatement which were important to Mrs D and Mr S.

I've considered Mrs D and Mr S' testimony to decide if Covea met the rules I've set out. I've included some extracts below:

*"Covea instructing companies with poor quality and standard of service and we are left to deal with the ramifications of all this. It doesn't feel correct or fair when they have an equal responsibility"*

*"I allowed Covea to assign their own specialists"*

*"I was advised [company] were the "most cost effective" tender result and this was the reason to go with them but as soon as work started with them it was clear the quality control and workmanship of [company] were extremely poor...I had to travel 10 miles each way each day unnecessarily and be interrupted throughout the day to keep an eye on what work was happening"*

*"Signing a document such as this [the contract], has to be in the context of us wanting to move on with the repairs ASAP given we had moved out of our house and wanted progress to be made and the history shows our disapproval of what was happening and updated Covea on these points"*

*"Covea has a responsibility to push for a recovery of these costs but it already approaching 1yr since the event and I've not had any further updates following an initial call with a legal company they had instructed."*

*"When I was notified of the contractor [R] that had been appointed I had not heard of them and there was very little information online to confirm if they were a reputable company and examples of work carried out in the past. But given the short timeframes of work to be carried out it was clear I had little choice to accept and move on."*

*"Covea...put me under charge of these people and I directly complained to Covea about them"*

*I find Mrs D and Mr S' testimony persuasive. And it therefore follows that I don't think Covea provided reasonable guidance to Mrs D and Mr S in this claim. The above testimony doesn't persuade me that Mrs D and Mr S were familiar with their responsibilities under the contract, nor were given the opportunity to mitigate the circumstances of the repair following the introduction of P to the claim.*

*Instead, there's an argument to be made that Covea as the insurer sought the best of both worlds; settling the flood claim on the most favourable and cost-effective terms, without any direct liability for anything that went wrong with the repairs.*

*Whilst this in itself doesn't breach any of the relevant law and regulations, if Covea wished to proceed on this basis, it did have a duty under PRIN and ICOBS above to make it clear to Mrs D and Mr S that this was how it was going to proceed to settle the claim. And having carefully considered the correspondence between all parties at the beginning of the flood claim, I'm not persuaded it did so.*

*Had Mrs D and Mr S been fully informed in line with Covea's duties, I find it more likely than not that they would've acted differently. I say this because:*

- If Mrs D and Mr S knew Covea wasn't directly liable, or answerable for P or R's actions, then they wouldn't have spent so much time and effort complaining to Covea directly during the claim.*
- If Mrs D and Mr S were so unhappy with the performance of either P or R and knew they could've removed them from the job and replaced them with another contractor, then it's likely they would've done so in order to protect their future liability.*
- In line with their testimony, it's probable that Mrs D and Mr S would've chosen different contractors, based on criteria that was more important to them, such as experience and reputation, rather than just the cost of the repair.*

*I'll now consider what I intend to require Covea to do to put things right.*

### *Compensation*

*In addition to not providing Mrs D and Mr S with reasonable guidance to help them progress the claim, I also need to consider the impact of any avoidable delays, distress and inconvenience caused by Covea or its appointed agents.*

*As I've already determined that P and R weren't Covea's agents, I cannot find Covea responsible for any of their actions, such as poor workmanship or failing to attend the property on agreed dates. Nor any compensation that may have been considered as a result.*

*However, I can consider the actions of Covea's loss adjuster, and Covea's overall handling of the claim, including the impact of the lack of information provided to Mrs D and Mr S.*

*I've considered that Mrs D and Mr S are joint policyholders who have both been separately impacted by the events of the claim. And I've concluded that it's more likely than not they would've acted differently had they been provided with reasonable guidance on how Covea chose to settle the claim. So, it follows that the consequences of this lack of information have been severe.*

*Mrs D and Mr S have said about how the escape of oil hasn't just affected their property, but also the wider community by contaminating a local village pond. Third parties such as neighbouring properties and the local parish council have been involved in raising concerns and complaints. This has caused Mrs D and Mr S inconvenience and upset to deal with; there's clear evidence of a strain on local relationships, and of disputes between the parish council and environmental agency. In essence, Mrs D and Mr S' personal information and that of their property is being shared outside of the claim through no fault of their own.*

*The period of the claim I'm considering is around 16 months. And for that time Mrs D and Mr S were out of home. And are likely to be for some time until the escape of oil is resolved. They had difficulty in sourcing appropriate alternative accommodation ("AA"), and the evidence shows they were required to source and negotiate the tenancy for the AA themselves. I've also seen emails which show Covea was late with some AA payments. Mrs D and Mr S say they've had to step in numerous times to pay for rent on their AA as*

*Covea's payments were sometimes weeks or months late. This would've undoubtedly added further distress to the situation Mrs D and Mr S found themselves in.*

*Once the repairs started, Mr S has explained he travelled to the property to keep an eye on repairs as he was concerned about the standard of work. And at this time the property was without central heating as the previous boiler had been condemned.*

*Mr S says that further secondary damage (separate to the escape of oil) has occurred to the property, such as a significant leak when a radiator valve was left undone.*

*Mrs D and Mr S have provided further testimony over the flood repairs. They've said they had to push for further tests to be carried out in areas such as the kitchen, and once those tests were carried out, it showed the kitchen units were contaminated from the flood and would need to be condemned.*

*Overall, it's clear Mrs D and Mr S were engaged with the claim and repairs to a much greater extent than would reasonably be expected for a claim which was being managed by a surveyor and loss adjuster.*

*There also appears to be a general discord regarding the communication between the parties. Mr S has shown he raised concerns about the smell of fuel in the property around 17 February 2021 to both P and the loss adjuster. But on 23 February 2021 the present position as set out by the loss adjuster states, "The building reinstatement work is entering the final phase and we are working with the Insured in the formulation of the losses linked to the contents claim."*

*There's no mention of any concerns raised by Mr S about the reinstatement works or the smell of fuel. And the subsequent events show the escape of oil wasn't discovered until 21 March 2021 by Mr S' neighbour. It appears that P and the loss adjuster hadn't yet engaged an engineer to investigate Mr S' concerns. And this means the escape of oil occurred for a further month, adding to the significant secondary damage to the property.*

*In conclusion, I find Covea needs to compensate both Mrs D and Mr S for the severe distress and inconvenience caused by its actions and omissions. And I conclude a payment of £15,000 to be fair and reasonable in the circumstances.*

#### *The escape of oil claim*

*Covea has accepted the escape of oil event as a second claim on Mrs D and Mr S' policy. But I don't find this produces a fair and reasonable outcome in the circumstances of this complaint. Firstly, it's arguable that Covea, through its actions, made a commitment to reinstate Mrs D and Mr S' property following the initial flood event. And therefore, as those repairs weren't effective or lasting, it's subsequently responsible for remedying the failed repair.*

*Secondly, Covea's lack of information to Mrs D and Mr S breached its duty under ICOBS and meant they couldn't make an informed decision on how best to proceed with the claim. The consequences of this will stretch beyond the reinstatement works and most likely impact Mrs D and Mr S' future insurance premiums for some years.*

*As a result, I find that having a second claim recorded against Mrs D and Mr S would disproportionately and unfairly increase the already severe consequences to them from the escape of oil. So, I intend to require Covea to deal with the remainder of the claim as a result of the failed flood repair, as opposed to recording a second, separate claim.*

## Next steps

*I acknowledge Mr S has raised a number of questions about the ongoing claim in a recent email to our service. This includes whether he can claim losses on mortgage interest, or a payment for the damage to the garden. Our service isn't set up to act in a claims handling capacity so I won't be able to say what the policy may or may not cover here. I suggest Mr S raises these queries with Covea in the first instance (if he hasn't done so already) and if he feels any further aspects of the claim have been unfairly turned down, then our service will consider these issues as a separate matter.*

Therefore, I said I intended to uphold Mr S' complaint and direct Covea to pay Mrs D and Mr S £15,000 compensation for the distress and inconvenience caused. And for Covea to deal with the escape of oil repairs as *a result* of the failed repair of the flood claim, rather than recording the matter as a second, separate claim.

## Developments

Mr S responded to my decision and said in summary:

- He doesn't have any issues with the repair works that were completed around March 2022. The main issue is that Covea has yet to recommence internal repairs to the property and no progress has been made.
  - Therefore, he wanted the ongoing issues with the claim delays to be considered within the scope of my decision. And he said Covea hasn't reached out to him directly since June 2021.
- He is stuck with a property that isn't fully repaired and in an increasingly difficult situation with regards to rising mortgage costs.
- He's raised concerns about the claim progression with Covea's loss adjuster but had no response.

Covea also responded and said:

- It acknowledged that it hadn't issued Mr S with a final response or provided our service with a summary of matters from its perspective.
- Accordingly, Covea wished to challenge a number of conclusions reached in my provisional decision and provided further evidence for me to consider.
- Covea said Mr S complained directly around March 2021. It said this was the first and only notification of any issues with the claim raised directly. And it said it wasn't documented or reported that complaint issues were raised with either the loss adjuster or P.
- It had no relationship or commercial arrangement with the contractor who carried out the repairs. Rather, the tender was "cost effective" taking into account the start date and duration of works which in turn impacted costs such as AA. Covea said it had never utilised a contractor network panel.
- It disagreed that it hadn't adequately communicated to Mr S that he was in control of the reinstatement process and referred me to further comments from P and the contract signed between Mrs D, Mr S and P.
- It wasn't clear how events could be considered under one claim in the circumstances, it considered the initial flood and escape of oil seven months later as separate events, with separate associated costs.
- It wasn't clear what I had considered to have failed as part of the flood repair and asked for clarification.



- It hadn't refused a second surveyor to review the repairs, but rather had advised Mr S that it wouldn't fund a second surveyor as it had already appointed one, and that Mr S was entitled to appoint his own surveyor at his own expense.
- The amount of compensation I proposed was inequitable and disproportionate in the circumstances. Covea asked I reconsider this in light of the evidence provided, and the fact that it remained committed to restoring Mrs D and Mr S' property to its pre-loss condition.

### **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.

Both parties have provided me with points which fall outside the scope of my provisional decision. This includes, but isn't limited to, the present position of the claim, matters which have happened after 31 December 2021, and concerns around ongoing mortgage costs.

The rules which govern our service say that I can only consider complaints that have previously been made to the business concerned, unless the business consents to us looking into things before it's had the chance to resolve the complaint itself.

Therefore, I must be clear on what time period is covered in my final decision, particularly in the case of an ongoing insurance claim where the situation progresses day by day. I've already set out in my provisional findings that matters up to 31 December 2021 would be considered in this decision and I see no reason to depart from this.

I'm aware that Mr S isn't happy with Covea's handling of the claim after this date, and therefore he should make a further complaint to Covea about any alleged errors or delays after 31 December 2021. And if he isn't satisfied with Covea's response, he can refer the complaint to our service.

For the same reasons, I haven't considered any evidence Covea provided which concerns events after 31 December 2021. However, it's clear Covea has spent some time in arranging and providing its response to my provisional findings. So, I want to reassure it that I've spent some time considering and reviewing everything that's been provided.

In the circumstances where the evidence contradicts, as some of it does here, I've made my decision on the balance of probabilities, and decided what I consider is most likely to have happened.

In making my final decision, I'm not going to respond to each and every point that's been raised in response to my provisional findings. Instead, I'll focus on the ones I consider to be most relevant to Mr S' original complaint below.

#### *Mr S' initial complaint*

The evidence I've seen shows that in addition to contacting Covea directly around March 2021, Mr S raised his concerns with the loss adjuster appointed to deal with the escape of oil. And further, he raised his concerns with legal representatives around July 2021. The representative (who was also advising Covea on any potential recovery action) then emailed a detailed summary directly to Covea to investigate saying "*We will leave it to you to determine what steps, if any, should be taken by Covea and/or the loss adjuster in light of the above.*"

I'm satisfied that any of these events should've been sufficient to put Covea on notice that there was a clear sign of dissatisfaction that needed investigating. And our Service also gave Covea a further opportunity to respond to Mr S' concerns before I provisionally decided the matter.

Therefore, I'm persuaded Covea was well sighted on the issues Mr S raised and had ample opportunity to investigate and respond to them at the time. That it didn't has only added and likely compounded Mr S' overall frustration and sense of delay with the claims.

Whilst complaint handling itself isn't a regulated activity covered by our service, I'm satisfied I can consider the impact of Covea's failure to respond to Mr S' concerns here as part of the service it provided in administering the insurance policy. And this consideration forms part of my overall compensation award in this complaint.

#### *The appointment of surveyor P and subsequent sub-contractors such as R*

From the evidence I've seen, there's no dispute that P is part of a panel of surveyors that Covea uses regularly. Or that P was introduced to Mr S following a meeting with the loss adjuster.

Having reviewed all of Covea's comments on this point, I see no reason to depart from the conclusions I reached in my provisional decision. And I think the concerns I raised in my provisional findings remain valid in the circumstances; namely that Covea *does* have an existing relationship with P and *may* have benefitted from recommending them as a surveyor.

As I said in my provisional findings, this in and of itself doesn't breach any relevant laws or regulations, but Covea did have a duty to make this information clear to Mrs D and Mr S, which I've reconsidered next.

#### *Covea's communication regarding the reinstatement process*

This issue to me, is the crux of the complaint. And simply put, the heart of the matter is the confusion over who is responsible for the reinstatement of Mrs D and Mr S' property.

Covea's position is that Mr S knew what was agreed at the start of the works, and that he was in control of the reinstatement process. It's provided commentary from the loss adjuster and P to support this. But Covea hasn't provided any new evidence about what was actually discussed and agreed between the parties at the time.

P has commented that "*a great deal of time was spent discussing the JCT contract and the roles of all parties*". If this was the case, then I'd expect to see some evidence of this discussion between the parties in order to change my mind about what I've seen.

Instead, what I've seen has reinforced my opinion that the party responsible for reinstating the property remained unclear:

- Mr S says Covea as the insurer is ultimately responsible for reinstating the property.
- Covea's loss adjuster says, "*We are of the view the project management of the reinstatement works and the addressing of any contractor/workmanship issues would fall to the surveyor [P] as contracts administrator*".
- P says, "*looking at the testimony the Insured seems to believe they had taken on the role of supervision of parties, when they were in fact the employer, and contract administration and supervision of the project sat with ourselves*."

Based on the above statements, every party seems to be passing responsibility to the other. But the only relationship that really matters in this complaint is Covea's responsibility to *"reinstate or replace the damaged buildings"* under the terms of the insurance policy, and its obligation to make it clear to Mr S of any discharge of that responsibility under PRIN and ICOBS.

After further careful consideration of the evidence, I remain unpersuaded that Covea clearly communicated the responsibilities of each party here.

In any event, at this late stage in the complaint, it's still not clear to me whether Covea has agreed to reinstate Mrs D and Mr S' property or whether it discharged the reinstatement liability to them via the contract. And on that basis, I cannot reasonably conclude that it was made clear to Mrs D or Mr S at the time either.

Therefore, I've reached the same conclusions as set out in my provisional decision, which is that *"the evidence doesn't persuade me that Mrs D and Mr S were familiar with their responsibilities under the contract, nor were given the opportunity to mitigate the circumstances of the repair following the introduction of P to the claim."*

#### *Delays in AA payments*

Covea says AA funding was provided in advance of due payment for 22 months from August 2020 – well past the period under the review of this complaint. And Covea's loss adjuster states *"In summary, it appears there was a seamless response to the AA element"*.

I've considered this new evidence, but I'm not persuaded it's sufficient to overcome the emails I've seen which show Mr S chased for AA payments at the start of the flood claim.

In addition, the evidence from the escape of oil loss adjuster does show some minor delay in providing an AA payment to Mr S. It acknowledges this by saying *"I consider this payment could/should have been agreed and requested sooner than 5 May 21 but the overall delay is about 1-2 weeks max."*

Whilst the delays each time may have only amounted to a few days or weeks, I consider this an additional impact above what Mrs D and Mr S would've already experienced with a significant claim of this nature.

Therefore, this issue remains a consideration as part of my overall compensation award for this complaint.

#### *Recording of claim and potential impact to insurance premiums*

Covea has provided assurances that the escape of oil won't have an impact on Mrs D and Mr S' future home insurance premiums. This is in the form of evidence from its underwriter, who's shown how the claim costs directly impact the premium. And having done so, the underwriter has concluded that Mrs D and Mr S haven't been penalised for making two claims as opposed to one claim for the flood and subsequent escape of oil.

I do find this persuasive for any premiums due to Covea, so I will remove my direction to have both events dealt with under the same claim.

Should Mrs D and Mr S have further concerns over either the cost of future premiums, or their ability to “shop around”, and it can be shown that having the claims recorded separately is the root cause of the problem, that matter would need to be considered as a separate issue outside of this decision. And I would fairly and reasonably expect Covea in that circumstance to compensate Mr D and Mrs D for any actual losses incurred.

In response to Covea’s query regarding what I consider to be the cause of the “*failed flood repair*”, I’ll clarify that I’m not linking this to any one issue. Instead, it was a reference to Covea’s obligation to reinstate the property under the insurance policy. And until it’s done so in an effective and lasting way, the original repair cannot be said to have succeeded.

### *Compensation*

Overall, I find it concerning that Covea hasn’t grasped the crux of the issues I set out above, which comes down to giving Mrs D and Mr S reasonable guidance to make their claim. And from the correspondence it sent to our service it’s clear that Covea genuinely doesn’t think it’s done anything wrong here in how the claim’s been handled.

However, there’s sufficient inconsistency in the evidence provided to give me doubts over Covea’s recollection of events as set out. This includes dealing with Mr S’ initial complaint, the AA payments, and the overall timeline of events leading up to the escape of oil.

I’m also not persuaded that on a balance of probabilities, the events leading up to Mrs D and Mr S signing the contract could, in any circumstance, produce a fair and reasonable outcome against the terms and conditions of their policy. Unless Covea made it explicitly clear it wasn’t liable for further damages linked to the reinstatement of Mrs D and Mr S’ property.

I’ve concluded on balance Mrs D and Mr S weren’t given this information. And that they would’ve *most likely* acted differently had Covea provided clear information. So, I find the impact to them has been severe, as set out in my provisional findings.

Mr S has explained the impact this claim has had on their lives. And it is evident that when considered together, these two events would be incredibly trying for any person to deal with. And I certainly don’t wish to make light of this in my decision.

The award I made in my provisional decision is in the highest band of awards we make at this service. And this is because I consider the impact of Covea’s actions in both the way it handled the claim, and in failing to provide Mrs D and Mr S with reasonable guidance to have caused them significant distress and inconvenience. So, whilst I don’t agree that Covea can be held responsible for the actions of P, or any of its sub-contractors it appointed, I find the parts of the claim it was responsible for were unclear and could’ve been handled better.

Having considered everything again, I’m satisfied that an award of £15,000 compensation is fair and reasonable in the circumstances. I therefore uphold this complaint.

**My final decision**

My final decision is that I uphold this complaint. I require Covea Insurance plc to pay Mrs D and Mr S a total of £15,000 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D and Mr S to accept or reject my decision before 14 February 2023.

Dan Prevett  
**Ombudsman**