

## **The complaint**

H complains about delays in an interim claim payment made by Covea Insurance plc after a fire at H's business premises.

## **What happened**

H has an insurance policy underwritten by Covea which covers his business premises, contents and business interruption, amongst other things.

He made a claim after a fire in the kitchen at his premises in September 2021.

There were some delays in the handling of the claim initially, but these appear to have been unavoidable due to the circumstances.

In mid-December 2021, given the time it was taking to resolve the claim, Covea agreed to make an interim payment of £10,000 to H. However, H didn't actually receive that payment until 20 April 2022.

H says this caused him financial difficulty. He says he borrowed money from family members and promised to pay them back soon after the interim payment was agreed. This led to friction when the payment wasn't forthcoming from Covea and H couldn't re-pay the debts when promised.

He says he also had to take money from his life savings. And he incurred bank and credit card charges as a direct result of Covea's late payment.

H complained to Covea. They admitted the delay in making the interim payment was unacceptable and offered H £250 in compensation for his trouble and upset.

H wasn't happy with this and brought his complaint to us. Our investigator looked into it and didn't think Covea has done enough to put things right for H. He thought they should double the compensation offered to H and pay him £500.

He also said Covea should cover any banking or credit costs H had incurred as a direct result of the interim payment being late. Covea have now agreed to do this

H disagreed and asked for a final decision from an ombudsman. He thinks £5,000 in compensation would be fair and reasonable given the trouble and upset he experienced due to Covea's errors.

## **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.

First of all, I'd like to say how sorry I was to hear about the difficulties H has been caused by the fire. I can understand how upsetting, frustrating and worrying it must have been for him.

Of course, I have to bear in mind when making this decision that Covea didn't cause the fire. And H has acknowledged that the delays in the claim early on were caused by things outside Covea's control.

That's why this complaint is solely about the delay in the interim payment H was promised, by the loss adjuster working for Covea, in December 2021. It's the *additional* trouble and upset H experienced as a result of that delay that I have to consider in this decision.

Covea have admitted that it was unacceptable for that payment to take four months or so to arrive with H. So, there's no argument about the fact that they made an error and should compensate H for the trouble and upset that caused him.

Covea originally offered £250 in compensation to H. I agree with our investigator that wasn't enough. There's no excuse for the long delay and Covea – or their agents – would have known the impact it might have on H if the payment was delayed. That's why they agreed to the interim payment in the first place.

I also agree with our investigator that £500 is fair and reasonable compensation for H. I don't think his expectation of £5,000 is in any way justified in all the circumstances.

Our investigator referred H to our website, which explains when and how we might award compensation. The examples given there make it clear that the £500 our investigator suggested in this case is within a range of appropriate awards for circumstances in which a customer experienced considerable distress, upset and worry – and/or significant inconvenience and disruption.

I think it's fair and reasonable to suggest that's exactly what H suffered in this case as a result of Covea's error.

I bear in mind that the error was the late interim payment of £10,000, against the final settlement of the claim.

H has told us he borrowed £10,000 from family members and he took £15,000 from his life savings during the period in question or just before it. He says that was embarrassing, inconvenient and stressful for him.

The agreed interim payment was for £10,000, not £25,000. So, it's difficult for me to reasonably conclude that the trouble H experienced in obtaining £25,000 is all down to Covea delaying the interim payment.

It's also possibly frustrating and annoying to have to remove money from life savings for a short period of time. But it's not as if H was left without any means to support himself and his family in the relevant period.

It's fortunate and/or testament to H's management of his finances perhaps that he had life savings to fall back on. But he did, so the impact of the late payment on him was not as acute as it might have been in other circumstances.

### **Putting things right**

In all the circumstances, I'm satisfied that £500 is fair and reasonable compensation for the trouble and upset suffered by H – and that's what I'll be requiring Covea to pay to him.

Covea have also undertaken to consider reimbursing H for any bank or credit charges he's had to pay as a direct result of their making the interim payment four months later than

they'd promised. It's not unfair or unreasonable for them to expect H to provide them with evidence to demonstrate the extent of his losses in this respect.

So, I'm also going to require Covea to consider covering those banking or credit charges on receipt of the required evidence from H.

### **My final decision**

For the reasons set out above, I uphold H's complaint.

Covea Insurance plc must:

- pay H £500 in compensation for his trouble and upset; and
- on receipt of sufficient evidence from H, consider reimbursing H for any banking or credit charges he incurred as a direct result of the late interim payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask H to accept or reject my decision before 12 January 2023.

Neil Marshall  
**Ombudsman**