

## **The complaint**

Mr O complains that, as a tenant under a block policy provided by Covea Insurance plc, it poorly handled a claim for water damage to his flat, and has failed to pay the cost of alternative accommodation (AA). Although the claim was handled by loss adjusters or a claim handling service, I shall for convenience refer to Covea throughout.

## **What happened**

This case involves a claim for water damage that first started in October 2020. Mr O made previous complaints about the matter in November 2021 and March 2022. Those complaints were reviewed by Covea as a result of which Mr O was offered compensation of £1,000. His complaints were considered by one of our Investigators, who said that Covea's offer of £1,000 was reasonable. Mr O didn't ask for that to be referred to an Ombudsman.

Mr O's further complaints relate to further problems with the contractors employed to carry out the work, that they hadn't dealt with a number of outstanding issues and felt forced to employ his own contractor. He also said that, having stayed in AA in September/October 2021 he had to stay for two further periods, in March and May 2022. The first period was a private let, for the second period he stayed with a friend.

Covea agreed that the service had been poor – however it said that as the contractors were employed under the block policy, it didn't have control over what happened. But it offered a further £250 compensation for the additional stress caused by the service from the claims team in addressing queries and providing updates.

Our Investigator initially said that Covea should increase its compensation payment to £350 and that it should pay a disturbance allowance for the period Mr O was in AA.

Covea agreed to the increased compensation, but pointed out that for previous periods of AA, Mr O had been paid a lump sum but had spent two weeks sleeping on the floor of his flat. As a result he hadn't had to spend over £3,800 of the lump sum on AA, which it felt should be taken into account.

Our Investigator accepted what Covea had to say and said it didn't need to pay any further disturbance allowance.

Mr O didn't agree. He said:

- The previous AA money was part of the settlement.
- Covea had already used the payment of that money in its defence of his previous complaint.
- The amount is less than a disturbance allowance should be so he should receive that amount.

The matter has been passed to me for further consideration.

## **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.

As this complaint is in respect of a continuing matter I should clarify that I am only considering matters which occurred after Covea's previous final response letter of 15 March 2022, up until Covea's next final response letter of 7 June 2022. In respect of his previous complaint, although I understand that Mr O hasn't yet accepted the £1,000 compensation payment previously proposed, our investigator has issued a view which Mr O didn't require to be reviewed by an Ombudsman. So I regard that matter as closed.

I do think that Covea was responsible for any delays and poor service by the contractors as it is the underwriter of the block policy, which I understand for Mr O covered both buildings and contents. In particular I understand that contractors were sent who Mr O had specifically requested not to return. As a result I understand that he is organising the further repairs himself. For the period which I am concerned with, I think the proposed compensation payment of £350 is fair and reasonable.

Turning to the AA, there are two periods in this timeframe during which Mr O was out of the property, from 14 to 20 March and from 22 to 31 May 2022. For the first period he says he stayed in a local private let, and for the second period, with a friend.

When we consider payments for AA, we look at what actually happened rather than what could or should have happened. So it wouldn't be appropriate to award the cost of a hotel when Mr O didn't actually stay in one.

Mr O was paid a lump sum in September 2021 to cover the cost of 12 weeks' AA in a flat. Mr O didn't use all of that money for rent/hotel costs. Because he stayed in his flat for two weeks, he had just over £3,800 left of that lump sum. Mr O says he was forced to do so, but I note that he had spent some of the lump sum on a hotel and he could have chosen to stay in a hotel for those two weeks.

Mr O says he regards that matter as being settled. But I don't think, when it's part of the same claim that that can be the case. If the claim had closed after that without him needing further AA, in Mr O's particular circumstances, I wouldn't have expected Covea to ask for it back.

However as further AA was required, I think it was reasonable that the money be put towards further AA. On the assumption that Mr O was not paid separately for the AA in March 2022, the outstanding sum was ample to cover those six days, even at four star hotel prices. For the nine days in May when he stayed with a friend, it would be appropriate to pay a disturbance allowance. This is a nominal figure, paid without the need for receipts, to cover the increased cost of someone being unable to use basic facilities at their home like cooking or washing. Often that nominal figure is £10 a day and Covea has said it wouldn't pay more than £20 a day, a total of £180 which I think is reasonable. As I've said it reflects the reality of the situation, rather than what could have been paid if Mr O had stayed in rented AA or a hotel.

Mr O has pointed out that he incurred expenses of mainly takeaway food of over £750 in late 2021, because he slept on the floor of his flat. Even deducting that cost from the figure he had retained from the lump sum AA payment, Mr O still had sufficient to pay for further AA or to cover a disturbance allowance. And it is worth noting that Mr O would always have had

some food costs during that time anyway. So it likely isn't fair to say that £750 extra was spent by Mr O on food during this period.

On Mr O's point that this issue was brought up by Covea in its defence of his previous complaint, I can't see that the retained sum has previously been deducted.

So I think that Covea's position concerning the cost of AA was reasonable.

### **Putting things right**

Covea should pay £350 compensation.

### **My final decision**

I uphold the complaint and require Covea Insurance plc to provide the remedy set out under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 21 March 2023.

Ray Lawley  
**Ombudsman**