

The complaint

C, a limited company, has complained about Covea Insurance plc's (Covea) decision to decline a claim made under their Retail and Salons packaged commercial insurance policy.

What happened

In October 2022 C discovered the window of the shop it leases had been accidentally damaged, so it made a claim to Covea, its Retail and Salons packaged commercial insurance provider.

Covea declined the claim. They said C wasn't legally responsible for the window as the lease didn't say C needed to insure it, so they said there was no cover under C's policy.

As C remained unhappy, it approached this service.

One of our investigators looked into things and upheld the complaint. She said that C's lease required it to repair and maintain the windows, so she was persuaded C was responsible for repairing any damage. As the policy provided cover for damage to shop fronts where the policyholder was responsible for repairing damage, she said Covea should cover the claim.

Covea didn't agree. They said that the repair and maintenance part of the lease required C to repair and maintain the shop front, but it didn't require C to insure it. Covea maintained there was no policy cover.

As an agreement couldn't be reached, the case was passed to me to decide.

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'm upholding the complaint.

C's insurance policy with Covea provides up to £10,000 cover for damage caused to shop fronts:

"Shop Front

We will pay You for Damage to the Shop Front and fixed glass at the Premises not owned by You or insured elsewhere in this policy including necessarily incurred additional costs involved in:

- (a) boarding up or temporary glazing pending replacement of broken glass*
- (b) removing or refixing window fittings and other obstacles to replacement*

provided that You are legally responsible for the repair of such Damage.

Our liability will not exceed £10,000 in any one Period of Insurance."

The policy defines shop fronts as:

"Shop Fronts

The front of the Buildings for which You are legally responsible as occupier and not as owner including all fixed glass, lettering or designs superimposed on glass, blinds, shutters and fitments."

And defines Damage as:

"Damage

Loss or destruction unless otherwise excluded."

Covea accepts damage has been caused, and to a shop front, which is potentially an insured event. However, they say that C's lease doesn't require it to insure the glass specifically and therefore the cover for Shop Fronts doesn't apply.

However, for cover to apply, the terms and conditions require C to be legally responsible for the repairing of damage. They don't outline that C needs to be legally responsible for insuring the shop front specifically in a lease.

C's lease explains that C is the Lessee. And the lease confirms:

"32. Specific repairing liability

32.1 The Lessee shall repair and at all times throughout the Term keep in good and substantial repair

...

32.1.2 all windows and window frames shop fronts fascias entrance doors and steps of the Premises fronting or abutting on (location) or the (location) and forming part of the premises..."

So, this shows C has a responsibility to maintain and repair the windows, so I think this makes them responsible for the shop front glass when it needs repair. And that is the requirement for the Shop Front cover under the policy to apply – not for the lease to outline specific insuring responsibility.

Covea has said that this is a general maintenance clause in the lease, and that isn't relevant to insuring responsibility. However, the lease says C is responsible where it needs *repair*, not just general maintenance. The window was damaged, and it needed *repair*, and I'm satisfied the lease outlines C is responsible for that.

With this in mind, I'm not persuaded Covea has acted fairly or reasonably by declining the claim based on the lease not outlining C's insuring responsibility specifically. Consequently, I'm directing Covea to deal with the claim in line with the remaining policy terms.

For any cash settlement due under the claim, in line with our usual approach, Covea should also add 8% simple interest from one month from when the claim was made to date of settlement. This takes into account that Covea would always have needed time to consider the claim after it was made.

My final decision

It's my final decision that I uphold this complaint and direct Covea Insurance plc to:

- Deal with the claim in line with the remaining policy terms
- Add 8% simple interest* to any cash settlement payment from one month after the claim was made to date of settlement

*If Covea Insurance plc considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell C how much it's taken off. It should also give C a tax deduction certificate if it asks for one, so it can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 25 May 2023.

Callum Milne
Ombudsman