

The complaint

Mr S complains that Covea Insurance plc unfairly declined his claim on his home insurance policy.

Mr S has been represented by a third party for some of this complaint. But for ease of reading, I've referred only to Mr S and references include the actions of his representatives.

What happened

Mr S had home insurance that was underwritten by Covea. In January 2022 he made a claim under the subsidence cover.

Covea sent a loss adjuster to inspect the damage and they concluded it was due to lintel failure rather than subsidence. And as that was wear and tear, it wasn't covered by the policy.

Mr S didn't agree. He instructed an independent report that said the damage to the property could have been caused by defective drains. Covea inspected the drains, and while it found some issues, its expert didn't think this was causing the damage to the main building. So it didn't change its position on the claim.

Mr S wasn't happy with this, as he said he thought the issue should be covered under the policy. He made a complaint but Covea didn't uphold it so he brought it to this service.

After Covea responded to his complaint, Mr S instructed another report from a structural engineer. This report concluded that while some of the damage had been caused by inadequate lintels, cracking to the front elevation and entrance area was due to movement. They also commented that the monitoring Covea had been carrying out for three months showed signs of more movement than they would expect. So they concluded that the cause was subsidence.

Mr S sent this service a copy of the report. And we provided it to Covea for its comments. While it acknowledged receiving the report, it didn't respond with any further comments.

Based on this, our investigator recommended the complaint be upheld. He said while Covea had acted reasonably by declining the claim in the first instance, as Mr S now had a report from a chartered engineer that concludes there is subsidence, Covea should investigate the claim further. And it should reimburse Mr S for the report.

As Covea didn't respond to our investigator's outcome, the matter has come 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.

Since Covea decided on Mr S' complaint, he has provided further evidence that hadn't been presented before. In the interest of natural justice, and in line with guidance set out by the Financial Conduct Authority (FCA), Covea need to have the opportunity to review and comment on this information before we decide on it.

Our investigator sent the report to Covea at the beginning of June 2023 and it confirmed it had received the report. It has since had more than three months to provide comment, and has been sent ample reminders that we are reviewing the case. But it has failed to provide anything further.

The rules set by the FCA regarding how this service operates are the Dispute resolution rules – referred to as DISP.

DISP3.5.14 states as follows:

'If a respondent fails to comply with a time limit, the Ombudsman may:

(1) proceed with consideration of the complaint...'

This service has given a number of deadlines for Covea to respond to the new information. And as it has failed to respond in this time, I consider it appropriate to decide on the complaint without its further comments in order to not delay matters further for Mr S.

Before the complaint came to this service, Covea had carried out sufficient investigations to show that the cause of the damage was most likely excluded from policy cover. It has sent a subsidence specialist and a loss adjuster to examine the damage and the drains. And they had concluded that the cause of the cracks to Mr S' property were unlikely to be subsidence but was instead inadequate lintels.

However Mr S has now provided a report from a structural engineer. And he has concluded that part of the damage has been caused by subsidence. As this expert has better recognised, and harder to obtain, qualifications than those sent by Covea, I am more persuaded by his findings.

Further, in his report he has commented that some of the damage is recent. And that the recent monitoring results show more movement than he would expect in a short period. Therefore I think this is enough to show that the damage is caused by subsidence and that the property is continuing to move.

Based on this, I don't think Covea has acted fairly by declining the claim in light of this new evidence. I therefore agree with our investigator that it should now investigate the cause of the subsidence and carry out any appropriate mitigation of the cause and remedial works, in line with the policy terms.

As Mr S has had to pay for a report from a structural engineer in order to prove his claim, Covea should also reimburse him for the cost of this report. This should include 8% simple interest from the date he paid for the report until the date Covea pays the settlement. To make up for the time he has been without the funds.

My final decision

For the reasons I've given, I uphold Mr S' complaint and direct Covea Insurance plc to:

- Investigate the cause of the subsidence at Mr S' property and settle his claim in line with the remaining terms and conditions.

- Reimburse Mr S for the report from the chartered engineer, plus 8% simple interest from the date he paid for it until Covea pays the settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 11 October 2023.

Sophie Goodyear
Ombudsman