

The complaint

A, a limited company, complains that Covea Insurance plc won't accept a claim made under their property owners insurance in full.

A is represented by Mrs G, one of their directors.

What happened

A holds a property owners policy which is underwritten by Covea. The property had been let to a tenant, but they moved out without notice and owed rent. When they moved out, the tenant removed their own fixtures and fittings. Mrs G made a claim under the policy and said the removal of these items had caused damage to the property.

Covea said it would agree to repair and decorate a wall where units had been removed, as this had caused damage to the wall. However, it said the removal of fixtures and fittings wouldn't be covered, as this wouldn't be considered damage. Covea also said it wouldn't cover loss of rent because the tenant had decided to leave. Unhappy with Covea's decision, Mrs G brought a complaint to the Financial Ombudsman Service on A's behalf.

Our investigator didn't recommend the complaint be upheld. She thought Covea's claims decision had been reasonable, as she didn't think the tenant's removal of their own items would be considered damage.

Mrs G didn't accept our investigator's findings, and so the matter has been passed to me for a decision.

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.

The policy provides all risks cover for damage to the property (covered under section one). That essentially means A is covered for damage, unless excluded.

The policy defines damage as:

'Accidental loss destruction or damage unless otherwise excluded.'

The policy excludes damage caused by wear and tear.

Mrs G says the tenant has lawfully removed their own fixtures, but hasn't replaced them to ensure the property is in good operational order.

I see that A paid an electrician to install switches/sockets and a pendant after the tenant had removed their own and failed to replace them. Also, A paid a plumber to isolate and cap the water supplies, and remove redundant pipework. That was because the tenant had removed their sanitaryware and had left exposed pipework as a result.

I'm minded to agree with our investigator that this wouldn't be considered damage. Whilst of course it's not ideal to have exposed wires and uncapped pipework (and this might be a breach of the tenancy agreement that was in place), once new items have been put in place, these issues would be resolved.

Also, much of the property was noted to be in poor decorative condition after the tenant moved out, with various holes and marks to the walls and a door where the tenant's fixtures and fittings were removed.

It seems to me that this would be more akin to wear and tear and part of normal maintenance and upkeep rather than damage to the property. There's a general condition in the policy which says the premises should be maintained in a good state of repair - this reinforces the fact that an insurance policy is to cover unforeseen events rather than a lack of maintenance. Though I've set out below that it seems Covea has covered some/all of the decorating cost anyway.

Covea accepted there had been damage to a wall where units had been removed, and agreed to cover this. Since there was damage here which appears to have gone beyond normal wear and tear, I think this was reasonable. Though it seems Covea ended up covering all the decorating costs. I say that because Mrs G was provided with a quote for £2,850 for preparing and making good where needed, and repainting walls and skirting boards. Mrs G said she couldn't separate the cost of repairing the one wall from the rest of the quote, so Covea paid this (less the excess) in June 2023. That was up to Covea, though I think it only needed to cover the cost of making good and decorating the one wall.

Mrs G wants Covea to cover rent owed by the tenant. I've therefore considered this.

The policy says that if the property suffers damage under section one then Covea will indemnify the insured for the reduction in rent receivable by the insured, solely in consequence of the damage. It also covers legal and other costs necessarily incurred in re-letting the building solely in consequence of the damage.

As Covea has pointed out, the tenant didn't move out because of any damage to the property. So I'm satisfied loss of rent isn't payable here, and nor are re-letting costs.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask A to accept or reject my decision before 22 April 2024.

Chantelle Hurn-Ryan
Ombudsman