

The complaint

Mr and Mrs S complain Covea Insurance Plc has handled their home insurance claim poorly.

What happened

In May 2022 Mr and Mrs S' house suffered significant fire damage. They claimed against their Covea home insurance policy. Covea accepted the claim including liability for repairs. It provided alternative accommodation (AA) as Mr and Mrs S' home was uninhabitable.

In October 2022 Mr and Mrs S, unhappy with Covea's handling of the claim, made a complaint. They felt it to be responsible for significant administrative delay. They also said it had caused additional damage to their home by failing to arrange scaffolding and a temporary roof. Covea didn't accept there would have been a cost benefit to providing a temporary roof. It didn't accept it was responsible for delay with their buildings claim. It did accept it could have been more proactive when considering a possible underinsurance issue with their contents claim. It offered £150 compensation in recognition.

Mr and Mrs S weren't satisfied, so came to this service. They are concerned Covea's delay and additional damage may result in their policy's AA and buildings sum insured limits being exceeded before repairs are complete. They also complain the insurer's mistakes caused them significant distress such that £150 isn't enough to compensate for.

To resolve their complaint Mr and Mrs S would like Covea to provide additional AA required as a result of its delay, pay for all reinstatement works (including any additional required due to a lack of temporary roof) and pay adequate compensation for the unnecessary distress and inconvenience caused to them.

Our Investigator considered the complaint. She looked at events that happened up until mid-December 2022 – the date the final response was issued. She felt Covea had held up the buildings claim, by around three months, through its poor handling of removal of debris, forensic investigations and the contents claim. So she recommended it extend the AA provision by three months and pay an additional £150 compensation. But the Investigator wasn't persuaded the lack of a temporary roof had extended repair time beyond the three months delay she had already addressed.

Covea responded to say it had already extended the AA beyond the policy limit. It accepted there had been a lack of communication between its loss adjuster and Mr and Mrs S's loss assessor. So it said it had paid, as a gesture of goodwill, more AA than the policy offers cover for.

Mr and Mrs S didn't accept the Investigator's assessment. They said they want Covea to cover all AA costs until they return to their home. They didn't accept the omission of a tin roof hadn't delayed the claim by resulting in additional damage. Finally they felt £300 compensation was not enough to reflect their experience during the claim.

The complaint was passed to me for consideration. In line with the Investigator I've considered events up to the final response letter of December 2022. Although I have

considered evidence produced after that date where it relates to the consequences of events occurring prior to December 2022.

I issued a provisional decision. As its reasoning forms part of this final decision I've copied it in below. In it I explain why I intended to require Covea to proceed with the claim as though the policy has a buildings sum insured limit of £1,103,000. I also said why I intended to require it to fund, if necessary, three and up to an additional nine months in total of AA beyond the policy limit of £53,000 (calculated in line with the cost of the current AA), including additional costs such as for council tax. Finally I set out why Covea should pay Mr and Mrs S a total of £1,000 compensation (including any already paid).

I invited Mr and Mrs S and Covea to provide any comments or evidence they would like me to consider before I issued this final decision. Mr and Mrs S said they had nothing further to provide. Covea accepted my proposed outcome.

what I've provisionally 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 is an informal service I'm not going to respond here to every point or piece of evidence Mr and Mrs S and Covea have provided. Instead I've focused on those I consider to be key or central to the issue. But I would like to reassure both that I have considered everything provided.

There's two main complaint points for Mr and Mrs S. For both their concern is suffering detriment as a result Covea's failing. They fear the consequences of AA and building sum insureds being exceeded.

The first concern is linked to Covea unnecessarily delaying the reinstatement of their home by around three months – primarily by a failure to deal with their contents claim in good time. Mr and Mrs S are concerned this will cause them, before reinstatement of their home, to exceed their AA policy limit of £53,000.

I don't need to consider this aspect of the complaint in any detail. That's because Covea's already said, as a gesture of good will, it will provide additional AA above the policy limit. As far as I've seen that seems to be for a period of three months.

Mr and Mrs S' second concern is that Covea made a mistake by not arranging a temporary roof for their home. They say both their and Covea's surveyors were of the opinion one should have been fitted – but Covea declined. It felt, due to the extent of the fire related damage, it wouldn't be worthwhile or cost effective to add protection to the property.

Covea hasn't provided anything directly from its own loss adjuster or surveyor – such as an initial loss report. All I've seen are quotes of comments in its notes. I don't know for certain, but from these and Mr and Mrs S' testimony it seems its own surveyor may have been of the opinion a temporary roof should be installed.

Mr and Mrs S feel the absence of a temporary roof has resulted in additional damage to their property. They have provided a letter from their surveyor dated September 2023. I won't explain this in detail as Covea has a copy. But in summary he feels significant additional drying and additional repair is required as a result of the lack of temporary roof protection.

He adds the extent of this has lead to consideration of a possible full demolition and rebuild – something he says wouldn't have been necessary to consider if the property had been protected from the outset. The surveyor estimates the impact to be a minimum of £150,000 additional repairs and six months of work.

If there wasn't a risk of policy limits being breached the issue wouldn't be so significant. Covea would just have to cover any additional AA or rebuild costs. But, if Mr and Mrs S' surveyor's opinion is correct, then the failure to provide a temporary roof could result in both the sum insured for buildings (£1,000,000) and the AA limit (£53,000) being breached. Either could be seriously detrimental to Mr and Mrs S.

However, Mr and Mrs S have provided photos of the downstairs of their property from August 2022 – so a few summer months after the fire. The overall condition looks reasonable. An uninformed viewer would probably be surprised when told the property had recently suffered a devastating fire.

Importantly Mr and Mrs S have provided videos of the property from March and September 2023. These show its condition six and eleven months later – after an autumn, winter and spring. There's a stark contrast. The downstairs of the property has deteriorated significantly. Issues that aren't seen in the August 2022 photos include – widespread mould, damp, collapsed ceilings and puddles.

As far as I'm aware Covea hasn't seen Mr and Mrs S' photos and videos. I'll share them with this provisional decision. But its had time and opportunity to inspect the property. It hasn't provided much, if anything, in the way of evidence to support its assertion that the lack of temporary roof hasn't resulted in additional rebuild cost or time. I'll consider anything it provides in response. But currently I'm persuaded, by the available evidence, that its decision not to provide a temporary roof has most likely lead to increased rebuild cost and time.

The result is potential detriment to Mr and Mrs S, so Covea will need to take steps to put things right. Again I'll consider anything it provides in response. But currently Mr and Mrs S' surveyor's opinion is the best available evidence. So I intend to base the redress on its findings.

Mr and Mrs S' surveyor estimates a minimum of £150,000 additional cost to reinstate. A temporary roof would have had a cost £47,000 (including VAT) according to Covea. So that can be deducted from the calculation. If the roof was provided that cost would have counted against the buildings sum insured. That gives a net potential additional cost of £103,000.

As I've said I haven't seen much from Covea, but I've seen it did set a reserve at £700,000. So there's a risk of the works exceeding the £1,000,000 limit. So I intend to require Covea to deal with the claim as though the policy had a building sum insured limit of £1,103,000. If the the claim doesn't breach the £1,000,000, limit stated on the policy, then Covea won't need to pay anything above it.

On the same basis I intend to require Covea to pay for a further six months AA above the policy limit of £53,000 – and in addition to the extra three months set out above. This will only apply if the rebuild isn't completed and habitable by the time the policy limit plus the extra three months allowance is exhausted. In the additional six month period Covea will need to cover all additional costs, including additional council tax and utilities, that Mr and Mrs S wouldn't otherwise have incurred had they been able to move back to their home.

If Covea can provide evidence to persuade me £103,000 of additional cost and six months AA isn't a reasonable proposal I will consider it.

For clarity the additional AA Covea will be required to provide, above the £53,000 policy limit, will be the equivalent of nine months extra costs (based on the current cost of alternative accommodation). That's six months for the temporary roof issue and three months for the earlier issues Covea's already made a good will offer for. I'm setting this out to avoid any potential dispute of one period being offset against the other.

Finally Mr and Mrs S have reported significant distress resulting from witnessing the unnecessary deterioration of their home – and at the thought of their time away from it being extended. They have reported relationship difficulties and medical conditions.

A significant event like they have experienced will, by its nature, likely involve distress and inconvenience. So it's difficult to separate that out from any additional and unnecessary difficulty caused by Covea. I can only fairly hold Covea responsible for the later, not for any inherent in their unfortunate situation. However, I'm satisfied that it's caused them a fair amount through the events discussed above – simply by causing them worry about their stay in AA likely needing extending for many months and whether policy limits would be breached. So for that reason I intend to award a higher level of compensation – £1,000 in total (including the £150 already offered).

For clarity, in the event this service is required to consider a further related complaint, the compensation is awarded to cover the period up until December 2022 (when the final response was issued) and the overall impact of Covea's decision (made within that timeframe) not to provide a temporary roof.

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.

Neither Covea nor Mr and Mrs S disputed the findings or proposed outcome of my provisional decision. Nor did either party provide any further comments or evidence. So I haven't been provided with anything to change my thoughts on the complaint.

My final decision

For the reasons given above, I require Covea Insurance Plc to:

- proceed with the claim as though the policy has a buildings sum insured limit of £1,103,000,
- fund, if necessary, three and up to an additional nine months in total of AA beyond the policy limit of £53,000 (calculated in line with the cost of the current AA), including additional costs such as for council tax.
- pay Mr and Mrs S a total of £1,000 compensation (including any already paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs S to accept or reject my decision before 15 January 2024.

Daniel Martin
Ombudsman

