

## **The complaint**

Mr C complains about the amount Covea Insurance plc has offered for a claim he made under a buildings insurance policy following a water leak.

Reference to Mr C or Covea includes respective agents and representatives.

## **What happened**

The circumstances aren't in dispute, so I'll summarise the background:

- Mr C owns a flat that benefitted from buildings insurance underwritten by Covea. In 2016 a water leak caused damage in the basement of his flat. He got in touch with Covea to make a claim in August 2017. It appointed a loss adjuster.
- The claim was accepted and the loss adjuster agreed for Mr C to proceed with repairs at a value of around £12,000, including VAT. Work began in late 2017. After the strip out, Mr C's builder said the tanking should be reinstated, so this cost should be added to the schedule of repair. The loss adjuster didn't agree.
- The loss adjuster said it chased Mr C in early 2018 but didn't hear back. It closed the claim in July 2018 without making a payment.
- Mr C got back in touch with the loss adjuster in early 2022. He provided a quote of around £23,500 for the work, which included tanking. The loss adjuster agreed to pay it to settle the claim, but Covea said it wouldn't pay more than the original value of the work – which it maintained was £12,000. Mr C complained.
- Covea said it was correct to maintain its original offer. However, it accepted it should have paid that in 2018. Noting the cost of building work had increased since then, it increased its offer to around £17,500, based on paying 75% of Mr C's quote. Covea didn't comment on the tanking.
- Mr C didn't think that was fair. He said he'd taken professional advice in 2017 and that had shown the tanking was damaged by the water leak. So he thought tanking should be included in the settlement. Covea told us it hadn't excluded any of the work from the quote – so it had included the tanking. It clarified it had only reduced the quote by 25% to account for the time taken to get the work completed.
- Our investigator thought the complaint should be partially upheld. He was satisfied tanking was included in the offer. And he thought the reduction was fair as Covea wasn't solely responsible for the delay. However, he said Covea should pay the cost of the professional advice Mr C took as that showed tanking had been damaged by the water leak and should be included in the claim settlement. That was £540.
- Mr C didn't think this went far enough to put things right. He wasn't satisfied tanking was included in the offer. And he said the delays arose because Covea didn't agree

to include tanking originally – which is why he took professional advice.

### **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 agree with the position reached by our investigator. I'll explain why.
- Covea agrees the damage is covered by the policy. And it's made an offer to settle the claim. The question for me is whether that offer is a fair one. There are two main points to consider: the tanking and the timescale.
- Initially Covea didn't agree to include tanking at all. It said there either wasn't tanking or, if there was, it wouldn't have been damaged by the water leak. Mr C turned to a surveyor for professional advice in 2017. They inspected the flat and said there was tanking. They said it had been damaged, I understand as a result of the water damage, and recommended reinstating it. I haven't seen any other expert opinion that might challenge the surveyor, so I'm satisfied it's a fair position. That means Covea should have included the tanking repair originally.
- It also means I think Covea should pay for the cost of the surveyor's professional advice. Had Covea handled things fairly and recognised there was tanking and it had been damaged, Mr C wouldn't have had to turn to the surveyor. Because of that I'm going to require Covea to reimburse the £540 Mr C paid.
- The quote Mr C presented in 2022 included tanking. Whilst Covea could have been clearer that it accepted the tanking work was covered by that time, it didn't say it had excluded it. The only reason it gave for reducing the invoice was the timeframe. So I'm satisfied that by this time, Covea had agreed to cover the tanking in principle and a contribution to it was included within its offer of around £17,500.
- Covea closed the claim in 2018 when the loss adjuster didn't hear from Mr C about the progress of the work. He's given a number of reasons why he wasn't in touch again until 2022. I understand other work, unrelated to the claim, was being carried out to the building and Mr C was focused on that. The other work was itself delayed by a problem with the building's managing agent that took time to resolve, as well as the Covid pandemic.
- It's not clear to what extent these things prevented the work to Mr C's flat from progressing. And he wasn't in touch with Covea for around four years – so it didn't get the chance during that time to help him overcome any potential barriers to progress and manage the value of the claim. With the claim closed, it wasn't aware it had a potential liability to Mr C for the claim, that would have been growing in value over time. So I can understand why Covea considers its position was prejudiced.
- On the other hand, I haven't seen any evidence to show Covea made a cash offer to Mr C in 2018 that he could have accepted in full and final settlement. And even if it had, it wouldn't have included the tanking, so it wouldn't have been reasonable. He would have had to return to Covea at some point to ask it to pay for the tanking. So I think Covea is responsible for some of the timescale – but not all of it.
- In these circumstances, I don't think it would be fair for either party to lose out entirely. It was unfair for Covea to maintain its offer at the 2018 rate. But if it were to

pay the quote in full, it would effectively be held solely responsible for the time taken – which I don't think would be fair either. Taking everything into account, I'm satisfied Covea's offer of around £17,500 is fair and reasonable. I think it amounts to a fair compromise given what's happened. So I won't be requiring it to increase that offer.

**My final decision**

I uphold this complaint.

I require Covea Insurance plc to pay £540 for the surveyor's professional advice.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 20 November 2023.

James Neville  
**Ombudsman**