

The complaint

Mr U complains Covea Insurance Plc settled his property insurance claim unfairly.

What happened

In July 2021 Mr U made a claim against his Covea residential property owners insurance policy. He wanted Covea to pay for damage to his rental property. He said a departed tenant had caused the damage. Covea requested Mr U provide estimates of repairs. He provided this in December 2021 – totalling around £16,000 including VAT.

There was some further back and forth until mid-February 2022. Covea offered Mr U a cash settlement. Mr U didn't accept it to be a fair one. Covea later agreed an additional payment. Mr U still wasn't satisfied but it didn't agree to cover any more damage. It said much of it was due to the tenant's lifestyle. So it said it wasn't something covered by his policy – unlike insured causes such as malicious or accidental damage.

Covea also declined Mr U's loss of rent claim. It felt the evidence didn't support the property as being uninhabitable as a result of an event covered by his policy – as required for that benefit to be payable.

Mr U complained to Covea about the settlement, but it didn't offer anything more to settle the claim. He wasn't satisfied so came to the Financial Ombudsman Service. To resolve his complaint he would like Covea to pay for the full repairs he's claimed, pay loss of rent and compensation for delay and poor service.

In October 2023 our Investigator considered the complaint. She felt Covea's decision not to pay loss of rent was fair. She didn't recommend it cover any further damage. She didn't find Covea to be responsible for any avoidable delay. She did recommend it pay Mr U £100 compensation for causing him avoidable inconvenience – by failing to reissue cheques within reasonable time. Neither Covea nor Mr U accepted that outcome. So the complaint was passed to me to decide.

I wrote to Mr U and Covea to explain I intended to come to the same outcome as the Investigator on the key complaint issues – the scope of the claim and loss of rent. I said I would provide my reasons later in this final decision. However, I said I didn't intend to require Covea to pay Mr U the £100 compensation she had recommended.

I explained I wasn't persuaded the impact of any poor service, related to the issuing of cheques, was significant enough to merit a compensation award. I invited Mr U and Covea to provide any comments or evidence for consideration before I issued this final decision. Covea didn't respond. Mr U provided some comments. I've taken them into account for this final 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.

As this is an informal service I'm not going to respond here to every point or piece of evidence Mr U 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 submitted.

I've considered if the scope of damage Covea accepts as covered by the policy is fair. Mr U's policy only covers damage caused by listed insured events or causes. The following have been considered by Mr U or Covea as applicable or relevant to the claim. These are loss or damage caused by water escaping from any fixed domestic installation, malicious acts by legal tenants and accidental damage.

Accidental damage is defined as unexpected physical damage caused suddenly by identifiable external means. Malicious acts isn't given a definition by the policy. In the absence of a definition I consider damage to be malicious if harm was intended – as opposed to damage occurring accidentally, through neglect or poor maintenance.

I've considered the evidence presented by Mr U and Covea. I've considered each declined item or area of damage. However, as this is an informal service, I'm not going to set out my thoughts on each here. I'm only going to give a summary with a few examples.

Overall I'm satisfied, where items have been declined, the decision has been fair and in line with the terms of the policy. As an example Covea hasn't agreed to cover walls redecorated by the tenant in a colour Mr U finds unacceptable. It's said that doesn't qualify as either accidental or malicious damage. Considering the accidental damage definition and the need for intentional harm I can't say that's an unfair or unreasonable decision.

As a further example - damage to the kitchen, including scuffs and chips. These have been declined as Covea feels the cause is neither accidental or malicious. It considers the condition more likely reflects poor living standards. I haven't seen enough to persuade me that position is unfair or unreasonable. From what I've seen of the kitchen it does seem more likely to result from lifestyle or living standards – rather than one off malicious or accidental damage.

I've next considered if Covea's cash settlements, for the items accepted as covered by the policy, are fair and reasonable. I've only been provided with limited information to assess this.

Covea's figures have been based on estimated costs provided by its loss adjuster. Mr U hasn't provided much to contest those individual figures. I've seen that Mr U was invited to provide evidence of costs. He did provide a quote for £16,000. However, that gives only a global cost for his entire claim – a great deal of which has been fairly declined. Costs aren't broken down by individual item. So for example, I haven't been provided with persuasive evidence that Covea's settlement for a damaged kitchen door was unfairly low.

Covea deducted various policy excesses from the cash settlement. I've no reason to think those were applied unfairly.

The settlement was further reduced by the application of an underinsurance deduction. I haven't seen that Mr U has raised that as a concern. So I haven't considered that as part of this complaint.

So I'm satisfied the scope of damage Covea's accepted as covered by the policy is fair and reasonable. I haven't seen enough evidence to persuade me its cash settlement for the

accepted items isn't reasonable. That means I'm not going to require Covea to pay anything extra to cover damage to the property.

Mr U's policy covers loss of rent if his property is uninhabitable due to damage covered by his policy. It doesn't pay loss of rent if the cause of the property being uninhabitable is damage (or another problem) that isn't covered by the policy. I've already considered what can fairly be said to be covered by the policy.

I've considered Mr U's comments on the threshold for rental properties being considered as habitable. I'd generally consider a property to be uninhabitable if there's no kitchen, bathroom or toilet facilities or if it's unsafe to be lived in. But for the loss of rent to be payable the damage that makes it so must have been caused by an insured event – so escape of water, malicious or accidental damage for example.

I've considered everything Mr U's provided and said on this issue. He's pointed to a range of damage and reasons to support his belief that the property was uninhabitable. Some of these are accepted as covered by the policy. These include damage from the escape of water and damage to the kitchen door and front porch. He says these made the property unsafe or unliveable. Overall I'm not persuaded the damage, I accept as fairly covered by the policy, can be said to have resulted in the property being 'uninhabitable'. They aren't enough singularly or in combination to make the property unsafe to live in – or to leave essential facilities unusable.

There are other issues, that aren't accepted as damage covered under the policy, that Mr U feels contribute to the property being uninhabitable. These include the toilet being out of order and damage to switches and a light fitting. Even if they did make the property 'uninhabitable' I'm not persuaded they are covered by the policy terms. So they don't make the property uninhabitable for the purpose of the insurance policy. So I couldn't say Covea's decision not to pay loss of rent would be unfair. So I'm not going to require Covea to pay any loss of rent.

Mr U's raised various complaint points about Covea's customer service. He's referred to it being responsible for delays. I've considered his comments. I've read through Covea's notes and correspondence with him. Having done so, I'm not persuaded it can fairly be said to have provided any significant poor customer service or to be responsible for any avoidable delay. It's committed reasonable time to communicating with Mr U and consideration of his points and evidence. It also took steps to progress the claim in reasonable time – requesting appropriate information and evidence from him.

I've already explained to Mr U and Covea that I'm not going to award the compensation the Investigator recommended. She felt Mr U had been inconvenienced by Covea taking too long to reissue two cheques – both for around £200.

Mr U's explained being unable to cash the cheques caused him financial difficulty. Covea's said he hadn't been willing, after problems with cheques, to accept a different form of payment. It's also said he didn't report one of cheques as missing for several months. Considering that, and the relatively small amounts involved, I'm not persuaded the impact of any error by Covea would have been significant enough to merit a compensation award.

Finally Mr U's said he's been treated differently because of his background. I haven't seen that he has been treated differently or singled out in anyway. I've seen nothing which persuades me that another policyholder in the same circumstances would have had a different outcome to their claim or complaint.

My final decision

For the reasons given above, I don't uphold Mr U's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr U to accept or reject my decision before 24 April 2024.

Daniel Martin
Ombudsman