

The complaint

Ms A and Mr M have complained that Covea Insurance plc (Covea) unfairly declined a claim under a buildings insurance policy.

What happened

Ms A and Mr M contacted Covea to make a claim for an escape of water. Covea accepted the claim and carried out works, such as drying the property. However, a few months later it reviewed some reports and decided the property was unfurnished at the time of the claim. So, it said the claim wasn't covered and that it wouldn't continue with reinstating the property.

When Ms A and Mr M complained, Covea upheld the complaint in part. It maintained its decision to decline to continue to deal with the claim, but said it could have reached this position sooner. It offered £1,000 compensation for its late decision to decline the claim.

Ms A and Mr M complained to this service. Our investigator upheld the complaint. She said Covea hasn't fairly applied the exclusion for the property being unfurnished. Ms A and Mr M had recently purchased the property and provided evidence of items that had been delivered to furnish the property. She said Covea should accept the claim and that the £1,000 compensation Covea had already offered remained appropriate in the circumstances.

As Covea didn't agree, the complaint was referred to me.

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 uphold this complaint I will explain why.

It doesn't seem to be in dispute that the escape of water was one that the policy would normally cover. Covea started work to deal with the damage. However, a few months later Covea reviewed two of its contractors' survey reports and decided the property was unfurnished. It applied an exclusion and said it wouldn't continue to cover the claim. Where an insurer applies an exclusion, the onus is on the insurer to show it was fair and reasonable to do so.

Ms A and Mr M have said they exchanged on the property in October 2022, which was when they took out the policy. The sale then completed on 18 November 2022 and they started to furnish the property from that point. They have provided receipts showing a range of items that were delivered to the property from the date they owned the property to the date of the incident. The escape of water was on 11 December 2022.

When Covea declined the claim, it said it wasn't doing this based on unoccupancy. I think that was fair and in line with the terms of the policy. The policy said a property was considered unoccupied if it wasn't lived in for 60 days. I think it was 23 days between Ms A

and Mr M completing on the property and the incident, which is well within the terms of the policy. However, Covea said the property was unfurnished and said it was therefore declining the claim. The policy defined “*unfurnished*” as: “*A home with not enough furniture to live in it*”.

I’ve looked at the survey reports. Neither report raised concerns about unoccupancy. The first report, which was for a visit carried out about nine days after the incident, included a lot of photos. These mainly consisted of close up photos of walls and ceilings. The photos didn’t show the rooms as a whole, so it isn’t clear what was in each room. I also note that the report said it was a four-bedroom house but only included photos of two bedrooms. It didn’t seem to include any photos of the bathroom and the only photos of the kitchen were close up photos of the wall and ceiling and above a door frame.

Although this might have been an appropriate survey for assessing the damage, I don’t think it can fairly be relied on to show whether the property was furnished at the time of the incident or the survey. It didn’t show some of the rooms in the house and the rooms it included didn’t show what was in them.

I’ve also looked at the second survey. This survey took place about five weeks after the incident. The photos in the report are unlabelled, but seemed to show four bedrooms. Most of those rooms were empty and one of them had boxed items in it. There were also photos of the kitchen and downstairs rooms and what seemed to be an ensuite bathroom, but not the main bathroom. So, I think there was very little furniture in the property at the time of this survey. But I can also see that the report said there was extensive mould/ airborne spores and that “*[m]ould has now affected some areas which had not been affected by the initial egress*”.

So, the report showed what was in the property at the time of the survey. I’m mindful this doesn’t therefore show what was in the property at the time of the incident. Ms A and Mr M also said they moved items from the property following the incident. Given the extensive mould and airborne spores noted in the second survey, I don’t think it’s unreasonable to accept that Ms A and Mr M wouldn’t have wanted to leave some of the items in the property.

Ms A and Mr M seem consistently to have said there wasn’t much furniture in the property and that they were buying items in the few weeks since the sale had completed. Receipts showed what had been delivered before the incident, such as a fridge, bed, toaster, iron, TV and air fryer. They also said they had a bed and were using cushions to sit on to watch TV. Although this was a fairly small range of items, I think it’s fair to say the property was enough to be lived in and so was furnished. This includes taking into account that Ms A and Mr M had only very recently bought the property and were clearly in the process of buying items for it, a number of which had already been delivered to the property.

I’m aware Covea provided a range of arguments to this service about why it thought it had acted reasonably by declining the claim. I have considered all of these, even if I haven’t referred to them in this decision. I think some of them are more about occupancy than whether the property was furnished and note that Covea told this service “*[h]ad the concerns over occupancy been raised sooner, we would not have done any work*”. Covea has already accepted that the unoccupancy exclusion didn’t apply.

Covea also raised questions with this service about issues such as why the policy started in October when Ms A and Mr M didn’t own the property at that point and why the broadband and TV package didn’t start until a month after the house purchase was completed. I don’t have any expertise on the house purchase process, but it’s my understanding that it’s common for buildings insurance to be needed from the point of exchange on a property. The broadband and TV package was also ordered shortly before the sale completed and I don’t

think it's unusual for there to be a time lag before installation. But, regardless, I'm not persuaded issues such as these help to show whether the property was furnished, which was the reason the claim was later declined.

So, having thought about what happened with this claim, I uphold this complaint. As a result, Covea should accept the claim on the basis that the property was furnished and continue to deal with it in line with the remaining terms and conditions of the policy. When Covea replied to the complaint, it offered Ms A and Mr M £1,000 compensation. Looking at what happened, I think that was fair to reflect the impact on Ms A and Mr M for Covea taking so long to review the reports and the claim then being declined. If Covea hasn't already paid this, it should do so.

Putting things right

Covea should accept the claim on the basis that the property was furnished and ensure it had paid the £1,000 compensation it previously offered.

My final decision

For the reasons I have given, it is my final decision that this complaint is upheld. I require Covea Insurance plc to:

- Accept the claim on the basis that the property was furnished and deal with it in line with the remaining terms and conditions of the policy.
- Pay the £1,000 compensation it previously offered, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A and Mr M to accept or reject my decision before 8 February 2024.

Louise O'Sullivan
Ombudsman