

## **The complaint**

F, a company, complains about a claim it made on its Covea Insurance plc ('Covea') retail and salons insurance policy for damage to a printer which it says caused it substantial damage, loss and business interruption.

Covea declined F's claim. F says the position Covea have taken is unfair and wants them to pay the claim and the cost of the expert report it obtained.

In this complaint F is represented by Mr R, but I shall refer to all submissions as being F's own for ease of reference.

## **What happened**

F made a claim on its Covea retail and salons insurance policy for damage to a printer which it says caused substantial damage, loss and business interruption.

In this complaint, both Covea and F appointed an experts to consider the printer in question. Both reports concluded that there had been a serious leak of ink from the printer. The expert appointed by F said the leak could have been caused by accidentally inserting the ink cartridge too forcefully or misaligning the ink bay. Covea's expert concluded that the ink pouch had slipped off the angle joining piece causing the flood.

Overall Covea came to the conclusion that the claim didn't fall within the sections of cover provided by the policy. F didn't agree so referred its complaint to the Financial Ombudsman Service. It wants Covea to cover its claim and reimburse it for the cost of the expert report it paid for.

Our investigator considered F's complaint and concluded that it shouldn't be upheld. She said the possible causes of the ink flood from both reports didn't appear to fall within the cover provided by the policy, so Covea were entitled to turn the claim down. The investigator also said that Covea didn't need to pay the cost of F's expert report because it didn't support that F's claim should be covered.

F didn't agree so the matter has been passed to me to determine.

## **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 won't be upholding F's complaint. I'll explain why.

The starting point is the policy terms. They cover both property damage and equipment breakdown.

Under the property damage section, the cover excludes:

*"18. Damage caused by or consisting of:*

- (a) *inherent vice, latent defect, defective design, planar specification or the use of faulty materials*
- (b) *wear, tear or depreciation or diminution in value*
- (c) *faulty or defective workmanship operational error or omission by You or any of Your Employees."*

Under equipment breakdown, there is no cover for:

*"(ix) any Manufacturing Production or Process Equipment including linked Computer Equipment"*

Manufacturing product or process equipment is defined in the policy as:

*"Any machine or apparatus (other than boilers, lifts, fork lift trucks, dock levellers and lifting tables) which has a primary purpose of processing or producing a product or service intended for eventual sale by You and any equipment which exclusively serves such machinery or apparatus."*

I've considered both expert's reports in line with the exclusions above. The report supplied by Covea's expert is more detailed. It specifies that the ink pouch had slipped off the right angle joining piece causing a flood. It goes on to say it's not believed there was a breakdown in the machine because the pipe didn't break and neither did any other part of it. The expert concludes that the pipe slipping off caused the ink to flow throughout the machine.

F's expert hypothesises that the leak could have been caused by accidentally inserting the ink cartridge too forcefully or misaligning the ink bay. It doesn't comment on the position of the pipe however or how the leak physically occurred.

F hasn't given any persuasive testimony which supports how the ink flood was caused- like for example one of its staff inserting the cartridge too forcefully or misaligning the ink bay. So in the absence of an explanation, I'm left to consider whether this is a claim that falls into the policy exclusions. And I'm satisfied that it must be because there's simply no other explanation that supports the position. Covea applied the design defect exclusion to the property section of the policy - which isn't unreasonable in circumstances where it can't be determined persuasively why a printer's ink pouch might slip off its joining piece and broadly accords with what its expert had said.

Alternatively, they said the claim for equipment breakdown wasn't covered because the printer fell into the definition of manufacturing product or process. I've considered this definition and agree that the printer is a machine which has the primary purpose of producing a service intended for eventual sale. So, again, I don't think Covea were wrong to turn down the claim under this section of the policy.

F has said Covea previously considered and paid out a claim on a problem with a printer before. Covea have said that claim was in respect of impact damage to the printer which was covered under the property section of the policy. Covea have also supplied a copy of their expert's report which supports why that specific claim was covered. To be clear, I'm not considering that specific claim in this complaint- I'm looking at whether Covea were entitled to decline F's claim in this case. So, although F feels it was unfair for Covea to accept another claim in respect of its printer, it's not for me to determine whether they were right to do so- my remit extends to deciding whether Covea declined F's claim fairly. And for the reasons I've set out, I think they have.

Turning now to F's submissions about being reimbursed for the cost of its expert report from Covea. As I've said, that report doesn't conclusively determine the cause of the problems

with F's printer. What it does do is set out what the causes could be but there's nothing in it which persuasively points to one or other of the causes with any evidence. So, I don't think this report supports F's position that its claim should be covered. If F obtained a report that was supportive of its position, I would be more inclined to ask Covea to consider reimbursing it for this but in this case, I don't think it would be reasonable to do so. So, I won't be asking Covea to do any more.

F has made various submissions about the way in which the policy was presented to it when it was sold. I can't consider those as part of this complaint because those issues relate to the sale of the policy by F's broker and not the way in which Covea handled its claim. If F wishes to pursue that complaint separately, it can direct it to its broker in the first instance.

F has made submissions about its claim not being subject to the wear and tear exclusion. But that wasn't the main exclusion that Covea relied on when turning the claim down under the property section of cover- rather they relied on design defect, which I've said appears to be the most likely explanation for the problem, based on the expert evidence. So, I haven't taken into account what F has said about wear and tear because I don't think it's applicable here.

F has referenced the meaning of the policy exclusions and whether Covea sought clarification from their underwriters about whether the loss it has claimed for was in contemplation when drafting the exclusion. But that's not relevant to the way in which I'm determining this complaint. I'm looking at whether this claim is one that falls within cover based on the terms as drafted and not what was contemplated by Covea's underwriter. And for the reasons I've set out, I don't think it does. So, I won't be upholding F's complaint.

### **My final decision**

I don't uphold F's complaint against Covea Insurance plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask F to accept or reject my decision before 28 February 2024.

Lale Hussein-Venn  
**Ombudsman**