

The complaint

Mr B has complained about the handling of his claim by Covea Insurance plc for damage to his flat caused by an escape of water in March 2023.

Reference to Covea in this decision includes the actions taken by its agents that it has appointed on its behalf to deal with the claim.

What happened

Mr B is the leaseholder of a flat which was damaged by an escape of water on 19 March 2023. The property management company for the building contacted Covea to make a claim under the freeholder's buildings insurance on 20 March. I understand that after discovering the water leak, Mr B isolated the water supply to prevent further damage. As his flat was uninhabitable, he moved in with his parents who were about an hour's drive away.

Mr B rang and then emailed Covea on 23, 24 and 26 March asking for progress on the claim but said he received no meaningful update. On 28 March Covea appointed a loss adjuster to deal with the claim. It visited the property on 31 March and wrote its first report assessing the claim on 4 April. The report said the water leak had been from a concealed pipe behind tiling in the bathroom. It noted that Mr B wanted to move to accommodation nearer to his flat. It also accepted that during repairs, Mr B might need longer term alternative accommodation (AA).

Mr B says that the loss adjuster suggested he could arrange a hotel room at up to £250 per night, but that Mr B would need to pay for this and then be reimbursed by Covea. Concerned about meeting these upfront costs, Mr B elected to remain with family. He says that stress caused by the initial handling of the claim led to him being signed off as not fit for work for a two week period at this time.

On 4 April a leak detection company visited. Its report was followed by the appointment of a contractor on 19 April to assess the work required to strip out and reinstate the property. The contractor visited on 2 May, but when Mr B spoke to it on 16 May, it asked to revisit. A new appointment was arranged on 31 May. Mr B was unhappy that it was not clarified with him why the contractor's first visit had not been sufficiently conclusive to proceed with works.

In terms of AA, Mr B has said that the loss adjuster was initially only willing to offer hotel accommodation. Mr B considered that the insurance repairs would be lengthy and so he'd need AA equivalent to his flat. On 17 May the loss adjuster agreed with Mr B, and he was then contacted by an AA agency. However he was unhappy with the options he was offered, saying that they were not 'like for like' with his flat. Mr B was concerned that he could remain in AA for one to two years if repairs were lengthy. He also said that most landlords were looking for a minimum 12 months' tenancy with no break clause at six months, making it difficult to find a suitable flat.

First complaint by Mr B

On 13 June 2023 Mr B complained to Covea that stripping out and drying at his flat had not yet started. He said this could potentially allow further water damage to occur, and create health hazards such as mould. He was also unhappy that the search for rented AA had not been started earlier. Mr B complained that the loss adjuster was not keeping him up to date with the claim, making it difficult for him to plan ahead, or to know what to expect. He said this was continuing to have an impact on his fitness to work.

Mr B said that he was unsure if he'd need to be at his flat to allow access to contractors. He explained that the loss adjuster had suggested installing a key safe, but Mr B was concerned about his property and contents whilst this was in use. He said his contents insurer had stated he would not be covered whilst unsupervised works were taking place in an uninhabited home and a key safe was in use. Mr B also questioned what the stance would be under the freeholder's building insurance if there was a key safe and unsupervised works were taking place. He said he was not being given sufficient information on this subject.

Second complaint by Mr B

Prior to Covea responding to his first complaint, Mr B emailed a further complaint on 25 July 2023. In terms of AA, he confirmed a flat had been found where a 10 month break clause was acceptable to the landlord. Covea had agreed to this, but Mr B remained unhappy that the conditions for searching for AA had not been revised at an earlier date.

A further issue for Mr B was that without being notified in advance, he discovered the individual at the loss adjuster who'd been dealing with the claim had left. Mr B found this out when he received an automated response to an email he'd sent on 4 July. He then attempted on a number of occasions to find out who at the loss adjuster would take over his claim, but was not given the name of an individual for some time. When he spoke to the new individual at the loss adjuster, he became concerned that what had previously been agreed about the claim might not be honoured. In particular Mr B was worried that the AA flat he'd found with a 10 month break clause might not now be acceptable to Covea. As a result, Mr B delayed signing the rental agreement for this flat.

Mr B said that the handling of his claim was continuing to cause him mental health issues, and that to date he'd been assessed as unfit for work for 8 weeks.

Covea responded to both of Mr B's complaints on 8 August 2023. Its view was that the claim had progressed in line with industry standards. Covea also stated that it considered the interactions Mr B had had with the various parties dealing with the claim had been handled appropriately.

Unhappy with Covea's response, Mr B brought his complaint to this service. He stated that Covea had not progressed the claim in "*a fair, professional, and efficient manner*", taking into account his interests and wellbeing. Mr B said that this had caused him unnecessary stress and anxiety, resulting in him being absent from work for approximately 10 weeks, and that he had only recently started a phased return to work.

Our investigator upheld this complaint in part. He commented that major insurance claims will tend to cause unavoidable inconvenience. He also didn't think it had been shown that Mr B's concerns about the installation of a key safe were justified. But the investigator accepted that communication around the claim caused Mr B some avoidable anxiety, particularly in relation to AA, and the change to the individual at the loss adjuster handling the claim. And the investigator also considered that it had taken too long for the stripping out of damaged materials and the drying of the flat to start, based on his understanding that these commenced at the end of June 2023. He proposed Covea pay £200 compensation for avoidable distress and inconvenience caused to Mr B.

Mr B responded that he felt £200 compensation did not sufficiently reflect the problems he'd been caused by Covea's handling of the claim. Whilst accepting that an insurance claim will cause some inconvenience, he said that the level of stress and anxiety experienced will be affected by how the insurer and its agents progress the claim. Mr B said he'd been ignored by Covea, and received limited and sometimes confusing information. He commented he'd had to chase for updates, and the claim had not been properly progressed. Mr B stated the stress he'd suffered and the fact he'd had so much time off work was not an inevitable consequence of the water leak.

Mr B also raised concerns about how Covea was handling his request for reimbursement of additional costs he'd incurred whilst in the rented AA. He said he was considering making a further complaint to Covea about this matter plus others that had occurred since he'd sent his complaint emails on 13 June and 25 July 2023.

In response the investigator confirmed that his view remained compensation of £200 was fair based on the evidence provided. He also said that any issues that had arisen after Covea issued its response to this complaint on 8 August 2023 would need to be raised by Mr B directly with Covea as a new complaint for it to consider.

Covea did not agree with the investigator's assessment. It stated that despite the loss adjuster needing to change the person who was dealing with the claim, the position on AA had not changed. It provided a copy of the email it sent Mr B on 25 July 2023 relating to this. With regard to the time taken to start stripping out and drying at the flat, Covea stated that Mr B did not initially want to grant access to the contractor, and that this caused delays in progressing the claim. Covea commented that it did not consider it had failed to provide a good service to Mr B, or had failed to progress the claim. It indicated the claim might have progressed more quickly if it had been able to work more collaboratively with Mr B.

The investigator responded to Covea that his compensation proposal was intended to reflect Mr B's overall experience with the claim.

In the absence of agreement between the parties, this complaint was forwarded for review by an ombudsman.

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.

At outset I should clarify that under this complaint, I have considered the issues raised within Mr B's emails dated 13 June and 25 July 2023, and Covea's response on 8 August 2023. I am aware that subsequently Mr B has raised further areas of dissatisfaction with Covea. These have been brought to this service as a separate new complaint, and do not form part of the complaint that I have considered in this decision.

As has already been explained by the investigator, and acknowledged by both parties, it is unfortunately the case that an insurance claim is likely to cause at least an element of inconvenience to the person who has suffered the insured loss or damage. The extent of difficulties caused to a consumer will likely increase where the insurance loss is larger. Regrettably that's the case here, where I understand that the escape of water has caused considerable damage to Mr B's flat.

Mr B complained in June and July 2023 that his claim had not been progressed as it should have been, and he was also unhappy about the communication he had received about it. In

particular, after the loss adjuster changed the person who was dealing with his claim, Mr B became concerned that Covea's stance about which additional costs he would be reimbursed for whilst in the AA flat might have changed. Clearly the loss adjuster had no alternative but to move the claim to someone new following the initial adjuster's departure. But in my view, the failure to warn Mr B in advance about this departure caused him some unnecessary worry.

In terms of progression of the claim itself, the loss adjuster's report on 4 April 2023 noted visible damage caused by the water leak to the flooring in the kitchen, living room and hallway. It also noted that significant repair work might be required in the bathroom, to kitchen cabinets, and to the floor screed, skirting boards and door linings. In the circumstances, and taking into account the insurer's reserve noted in the report, it seems to me that it was appreciated at this time that the water damage could be widespread.

This being the case, it is understandable why Mr B was concerned that his claim be progressed at pace, and this resulted in him regularly asking for updates. I note Covea's comments about Mr B's reluctance to grant access to his flat, and I also note what Mr B said in his June 2023 complaint email about the installation of a key safe. On balance based on the evidence provided, I do not consider it was unreasonable for Covea to propose the installation of a key safe. But that aside, when considering his correspondence with Covea and the loss adjuster at this time, it is clear to me that Mr B was keen for reinstatement works to get started.

I acknowledge what Covea has said about being dependent upon contractor availability to start strip out and drying works. But it would appear that it was over three months after the claim was reported to Covea that these first steps of the repair commenced. Overall I would agree with the investigator that for the period under consideration in this complaint, the claim progressed slower than it should have done.

In terms of additional and unnecessary distress that Covea's handling of the claim caused Mr B, over and above what might reasonably be expected with a claim of this nature, I have carefully considered Mr B's comments about the difficulties he suffered at this time. I am sorry to learn that Mr B was unable to work for a number of weeks, and the impact the claim had on him.

It is understandable that the extent of damage caused to his flat by the water leak would, in itself, have placed a significant strain on Mr B. But having considered the circumstances of this complaint, my view is that the investigator's proposal of £200 compensation for unnecessary distress and inconvenience caused to Mr B by Covea is a reasonable one. That reflects the time taken to move towards repairs starting on the claim, and some failings in communicating with Mr B about the claim.

I appreciate that both Mr B and Covea are likely to be disappointed with this outcome. However I consider that this level of compensation fairly reflects the avoidable difficulties Covea's handling of the claim caused Mr B.

My final decision

My final decision is that I uphold this complaint and require Covea Insurance plc to pay Mr B £200 compensation to reflect distress and inconvenience caused to him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 12 July 2024.

John Swain
Ombudsman