

The complaint

Miss G and Mr W complain about how Covea Insurance plc has handled a subsidence claim under their home insurance policy.

Any reference to Covea includes the actions of its agents. As Miss G is leading on this complaint, I've referred to her throughout my decision.

What happened

The circumstances of this complaint are well known to both parties, so I've summarised what's happened.

Miss G has a building insurance policy which is underwritten by Covea. In August 2022, she made a claim on her policy having noticed crack damage to her property. Covea accepted the claim, and in September 2022 investigations were undertaken to establish the cause of the subsidence.

Concerned the damage was worsening, and having not heard from Covea, Miss G asked for an update in October 2022. At the end of October, Covea's contractor ("B") - who was managing the claim on Covea's behalf - advised it was awaiting the results of soil sampling which had been taken in early October.

Having identified the cause of the subsidence, and the remedial works required, Miss G was informed the remedial works would start in April 2023, and the claim would be completed in June 2023. But at the end of November 2022, having not had an update, Miss G contacted Covea to see what was happening with her claim.

In late November, Covea's surveyor visited Miss G's property to carry out a site inspection. Miss G says she wasn't given advanced notice of the appointment, and as she wasn't well, the survey couldn't go ahead. Around the same time, Miss G informed Covea that it should only contact her about the claim.

In December 2022, Covea asked B for an update and B advised it had received the arborist's report.

In January 2023, Miss G contacted Covea to say since the surveyor visited in November, there'd been no progress with the claim. Covea asked B for an update with B saying it needed to contact the local council about the implicated trees. The following month, Miss G asked Covea for further updates and reminded B to only contact her about the claim – as Mr W had been contacted in error.

In March 2022, Miss G informed Covea she'd been in touch with the local council as B hadn't taken action, and the council had agreed to the removal of one of the implicated trees, but not the other. B subsequently got in touch with the local council.

In April 2023, Miss G complained to Covea saying nothing had happened with her claim since November 2022. She said it was only after she'd got in touch with the local council had it been agreed the implicated tree would be removed. She added that she'd not received

adequate updates and that she'd not been contacted as the first point of contact. She said the damage had worsened during this time, and despite requests and assurances from Covea that an engineer would attend to inspect it, this hadn't happened. Lastly, she was unhappy her premium had significantly increased.

In its final response letter dated June 2023, Covea accepted there had been a delay on B's part in writing to the local council, and it acknowledged it hadn't always contacted Miss G in line with her preference. It also accepted there had been a failure to plan the monitoring dates in accordance with Miss G's availability. And so, it offered £250 compensation to recognise this. But it said the local council's request that monitoring occur before the second implicated tree was removed, wasn't something it could be held responsible for.

Miss G remained unhappy – and so, brought a complaint to this Service saying she wanted £5,000 compensation and for Covea to replace B with a different contractor. An Investigator upheld the complaint and said Covea should pay Miss G £900 to reflect the inconvenience and distress she'd experienced, but she didn't think Covea needed to replace B. And she explained she was satisfied Miss G's premium had been fairly calculated.

Miss G didn't consider the compensation to reasonably reflect the difficulties she'd experienced and so, the complaint has been passed to me for an Ombudsman's 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.

And I've kept in mind Covea's responsibility as an insurer to handle claims fairly and promptly. But before I explain my reasoning for upholding this complaint, it's important to set out that I'm only considering events up to the date of Covea's final response letter in June 2023. So, any concerns Miss G has which post-date this, will need to be raised with Covea in the first instance before this Service can look into matters.

Claims handling and communication

From the evidence I've seen, it's apparent the claim hasn't progressed in a timely manner given the remedial works were due to be completed in June 2023 but hadn't started by the time of Covea's final response. Whilst some of this may reasonably be attributed to the local council's request for monitoring to take place before an implicated tree be removed, it's clear Covea contributed to this. I say this because B didn't provide the local council with the arborist report at the earliest opportunity – had it done so, it seems level monitoring could have begun approximately three to four months earlier.

Whilst I appreciate it takes time for the results of site investigations to be reported to Covea - it seems Miss G was having to do an unnecessary amount of chasing to find out what was happening with her claim as there'd been no progress. There are numerous instances of her contacting Covea because B hadn't updated her, which is indicative of B – and in turn Covea – not progressing the claim as it should have done.

Whilst the claim hasn't always been progressed as promptly as I'd expect it to, as things stand, I don't consider it necessary to direct Covea to appoint a different subsidence contractor to manage the claim. Whilst there have been failings on the part of B, these aren't to such an extent that it can't reasonably continue to manage the claim.

However, Covea will be aware of its continuing duty to handle the claim promptly, and that if it carries out the remedial works, it must ensure these are lasting and effective. Should Miss

G have concerns about either of these matters, she would be able to raise a complaint about this.

Discrimination

Miss G has said Covea's engineer made discriminatory comments towards her, and that it deliberately excluded her from emails which were sent to Mr W because of her nationality. Covea has apologised for contacting Mr W when Miss G had requested that only she be contacted about the claim. I don't doubt this was frustrating for Miss G and must have made her feel like B, and in turn, Covea, were dismissive of her communication preferences. Whilst my intention isn't to diminish Miss G's feelings about this matter, I haven't however, seen anything which persuades me these actions amounted to discrimination. Unfortunately, here, Covea and B's handling of the claim has overall, been poor and I consider it contacting Mr W, rather than Miss G to be another example of this.

Miss G has said Covea's engineer made racially discriminatory comments towards her. Covea hasn't provided a response to this, so I don't know what its position is. Any discriminatory comments would of course be entirely unacceptable. But as above, I don't think Covea has treated Miss G well, and I've considered this in the compensation.

Compensation

Our Investigator said Covea should pay £900 compensation in total, and I'm satisfied that's fair and reasonable in the circumstances of this complaint – I'll explain why.

I'm aware Miss G considers more compensation to be appropriate here, but as a reminder I am only considering events up until the date of Covea's final response letter. So, anything which post-dates this doesn't form part of my deliberations when deciding how much compensation Covea must pay. Also, compensation isn't meant to cover or contribute to the cost of any remedial works – that's instead covered by the indemnity limit in the policy. The two are distinct.

Here, Miss G was expecting her claim to be resolved by June 2023, but it's apparent that at the time of Covea's final response letter, monitoring had only just started. And so, although the claim had been logged 11 months prior, very little progress had been made. I appreciate this was partly due to the local council's wish for monitoring to occur before a second implicated tree was removed - and so, the delay here isn't entirely attributable to Covea's handling of the claim. But it is clear that B could have taken action much earlier in respect of the local council – as although it had been provided with the arboriculturist report in December 2022, it didn't contact the local authority until March 2023 - had it done so on receipt of the report, the avoidable delay of approximately four months wouldn't have happened.

I also have to bear in mind that whilst a subsidence claim is inherently stressful, we don't make awards for distress and inconvenience caused by making a claim. So, whilst Covea isn't responsible for stress caused by the damage to Miss G's property, it does have a duty to handle the claim fairly and promptly so as to mitigate any avoidable distress and inconvenience. Here, Miss G had the worry of the damage worsening whilst things appeared to come to a halt with the claim. And even when she did raise concerns, Covea seemingly didn't take action to allay these or act upon them.

From what I've seen Miss G has had to spend a disproportionate amount of time chasing matters up, and it's apparent that it was her intervention of contacting the local council that led to the claim moving on – which ultimately, was the responsibility of Covea. This, coupled with the fact Covea didn't contact her in accordance with her communication preference, and

arranged for a surveyor to attend the property without giving Miss G advance notice of this no doubt compounded the frustration she was experiencing.

But I also consider some of the delay to be outside Covea's control and whilst its actions have delayed the claim, I'm satisfied this equates to approximately four months of delay. So, when I look at how the claim has been dealt with overall, I'm satisfied £900 total compensation is fair and reasonable in the circumstances.

Price of premium at renewal

Miss G is unhappy with the cost of her premium as it has increased by approximately £700 annually. She says this is unlawful. I'm aware she raised a separate complaint with this Service about the cost of her premium at renewal, but for ease – and because this issue formed part of her original complaint to Covea – it has been brought within the scope of this complaint - so I can address it.

As Covea is the insurer – and the insurer sets the price of the premium - it's the correct respondent party here. For clarity, this Service doesn't set the price of a premium and can't tell an insurer how it should set its prices – that's ultimately the insurer's decision and is based on its risk appetite. However, we can look at whether an error has been made with how a premium has been calculated, and if a consumer has been treated differently.

Here, Covea has explained that Miss G's premium increased for several reasons. First, Miss G had previously held nine years of no claims discount and so when this reduced to zero, following a claim being made, this had a sizeable impact on the cost of her premium. It also said it had reviewed how it priced building insurance policies where claims had been made and this had affected all customers in this category – which included Miss G.

Based on the evidence, I haven't seen anything to show Miss G's premium has been calculated incorrectly, nor that she's been treated differently to any other customer in the same situation. I appreciate she's frustrated her premium cost has increased as much as it has, but I'm not persuaded Covea has priced it unfairly. And so, I won't be directing it to do anything further in respect of this.

My final decision

My final decision is I uphold this complaint and direct Covea Insurance plc to pay Miss G and Mr W £900 compensation in total. If it's already paid £250, it can deduct this from the amount it must pay.

Covea must pay the compensation within 28 days of the date on which we tell it Miss G and Mr W accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G and Mr W to accept or reject my decision before 12 March 2024.

Nicola Beakhust
Ombudsman