

The complaint

Mrs R complains that Covea Insurance plc has unfairly declined her car insurance claim.

What happened

Mrs R took out motor insurance for her car. This was underwritten by Covea. In November 2023, Mrs R suffered a car breakdown. She said that there was smoke and flames coming from the engine. The car was taken to a garage and Mrs R contacted Covea to make a claim.

Covea sent an engineer out to inspect the vehicle. The engineer's report said that there wasn't any sign of fire or flame related damage. The engineer suggested that an electrical short or other failure had occurred in the wiring system and this caused overheating that melted the wire insulation. He said this is likely to have caused smoke and could have given the impression of a fire. Covea said that, as there wasn't evidence of fire, and the policy excludes claims for damage caused by electrical failures, the claim wasn't covered and so it wouldn't consider the claim for any damage.

Mrs R complained to Covea and then brought her complaint to us. Our investigator looked into the matter and thought that the complaint should be upheld. She noted that even though the report provided the engineer's view on what caused the damage, the engineer had stated on the report that the damage would be easier to view from under the vehicle but there was no availability to put the vehicle on a ramp. As a result, she didn't think that the report was persuasive enough to say that the damage wasn't caused by fire. She recommended that a further inspection of the car from underneath was completed and Covea needed to reconsider the claim to see if this new inspection changed the decision. She also found that Mrs R hadn't been kept up to date about her claim and recommended that Covea pay £100 in compensation.

Covea disagreed with our investigator. It said that the report was clear there wasn't any fire damage, it didn't think that it was necessary to place the vehicle on a ramp to confirm there wasn't such damage.

As no agreement could be reached, the matter has been passed to me to decide.

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.

The relevant rules and industry guidelines say that insurers must handle claims fairly and promptly and shouldn't unreasonably reject a claim. I've taken these rules into account when deciding what I think is fair and reasonable in the circumstances of Mrs R's complaint.

The policy terms and conditions

The policy Mrs R took out with Covea provides cover under section three for claims for loss or damage as a result of fire. However, within this section there is a policy exclusion which states that there is no cover for:

“Loss or damage caused by any mechanical, electrical, electronic computer or computer software failures, breakdowns, faults or breakages.”

Has the claim been fairly declined?

In order to make a claim under this section of the policy it is necessary to show that there has been damage as a result of a fire. And the exclusion above makes it clear that cover is excluded for any type of electrical breakdown or fault.

The onus is initially on the policy holder to show that an insured peril, in this case a fire, has occurred. In Mrs R's testimony she reported that at the time of the incident, there was smoke and flames. She has also provided a statement from another person who arrived at the scene later and said that he thought it was on fire. And the garage where the car was kept referred to the fire being self-extinguishing. So, from all of this evidence there does appear to be a suggestion that there was a fire.

Covea obtained photographs from the garage, but these weren't clear enough to show the damage. It instructed an independent engineer to complete an inspection of the car in order to validate the claim. The engineer provided a report which stated that in his opinion, he thought the damage had been caused by some sort of electrical fault which is likely to have caused overheating. This would likely have led to the melting of the insulation around the wires which caused the smoke. The engineer confirmed that he saw no evidence of fire or flame related damage to the vehicle. Based on this report, Covea declined the claim.

Even though the engineer stated they hadn't seen any evidence of a fire, the report confirms that *“access to the area in question was limited as the damage is easier to view from under the vehicle, however, there was no availability to put the vehicle on a ramp”*. This statement suggests to me that it is possible that there could be damage underneath, that could have been caused by fire, which the engineer didn't have access to see.

Covea has said that the report makes it clear that, in the opinion of the engineer, the cause of the damage has been the melting of the insulation surrounding the wires following an electrical failure. Covea has said placing the car on a ramp was mentioned as this would be needed to identify the cause of the electrical failure, however, the engineer wouldn't need to do this to confirm that there hadn't been any fire damage.

I've thought about this point carefully. I appreciate the view Covea has taken as to why the engineer has made the comments about the lack of ramp access, however, the report doesn't confirm that this would only help with providing the cause of the potential electrical failure. The engineer's report states, *“access to the areas in question was limited”* and *“the damage is easier to view from under the vehicle”* – both comments suggest that the visual inspection was restricted. I'm therefore not satisfied that Covea has done enough at this stage to confirm that an insured peril – in this case a fire – hasn't taken place. So, I don't think it is fair to decline the claim at this point.

In the circumstances, I'm persuaded that a further inspection should take place. This must include a visual inspection of the underneath of the car and so a ramp or other such facility will need to be available to accommodate that visual inspection. Covea needs to consider the new report following the inspection to see if this changes the outcome of the claim.

Covea claims handling

Mrs R has complained about the way Covea handled her claim. She has said it was a very stressful time and she found it very difficult to contact Covea. She says it was three weeks before she received a call and this was to tell her that her claim wasn't covered.

I've looked at the claim notes provided by Covea and it does appear that Mrs R wasn't contacted for quite some time after first making the claim. I can see that Mrs R contacted Covea a couple of weeks after reporting the claim as she was concerned about her insurance running out while the vehicle was on the road. But it doesn't appear that Mrs R was given any update about the actual circumstances of the case.

All insurance claims, by their very nature, are stressful events and may require people to commit some time to this issue. However, I would expect an insurer to keep its customer updated on progress and I'm not persuaded that Covea has done this on this occasion. So, I do think that Mrs R has been inconvenienced unnecessarily as a result. Our investigator recommended that a payment of £100 be made to Mrs R as compensation for the poor service. I'm satisfied that this sum would be a fair and reasonable compensation for the distress and inconvenienced caused.

Putting things right

Covea needs to:

- Arrange a further inspection of the car by an independent engineer, which must include an inspection of the underneath of the vehicle.
- Reconsider the claim when the report following the second inspection is received to see if this report alters the current outcome.
- Pay £100 in compensation to Mrs R.

My final decision

For the reasons stated above, I uphold this complaint.

I direct Covea Insurance plc to put things right as detailed.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 10 July 2024.

Jenny Giles
Ombudsman