

## **The complaint**

T, a limited company, complains Covea Insurance plc (Covea) unfairly declined a claim for subsidence made under their buildings insurance policy.

Any references to Covea includes their agents. T is represented by a managing agent who I'll refer to as A.

## **What happened**

T owns a property which is a residential building separated into four flats. In March 2021, T noticed cracking to the external elevation of the property.

In April 2021, a structural engineer appointed by T inspected the property, noting there was various signs of distortions in the different flats and signs of long-term movement. However, they also said the cracking inspected at the front elevation suggested recent movement. The structural engineer made several recommendations including seeking advice from an arboriculturist in relation to nearby trees, undertaking a CCTV survey of the drainage system and monitoring the building.

In mid-2022, A made a claim for subsidence to Covea on T's behalf, and by this point Covea had already carried out repairs to the drains. Covea's loss adjuster inspected the property in May 2022 and said the damage was not related and likely occurred before T's policy had begun in December 2020. T subsequently contacted their previous insurer before complaining to Covea about their decision to decline the claim.

In January 2024 Covea issued their final response letter. They said they wouldn't cover the damage to the front elevation in light their loss adjusters' findings, which had previously been shared with both A and T. A referred T's concerns to the Financial Ombudsman Service and they were considered by an investigator who said it wasn't clear if the damage to the property had been caused by subsidence.

Our investigator said Covea hadn't done enough to show the cracks occurred before the start date of the policy or were caused by thermal movement. She said Covea should monitor the property for six months and reconsider the claim if the results showed ongoing movement.

T accepted the investigators conclusions, but Covea didn't. They said if there was any evidence of movement, it occurred before the policy start date and should be considered by the previous insurer. Our investigator didn't reach a different conclusion, so this 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.

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Having done so, I've reached the same conclusion as our investigator and for the same reasons. Covea's loss adjuster said the cracking noted wasn't due to subsidence. They considered the pattern and nature of the cracks weren't consistent with foundation movement but were instead more likely to have occurred because of thermal movement. And they considered the cracking to be historic.

These findings resulted in Covea relying on the below clause in the policy terms and conditions, which is set out on page 23:

***"Subsidence Extension..."***

***We will not be liable under this Extension for:***

***e) Damage which commenced prior to the inception of the cover of this Extension"***

However, T's structural engineer said the cracking suggested "*recent slight movements*" and recommended monitoring the property. T also provided evidence of inspection reports carried out at the property by A. One report carried out in November 2020 noted flaking paintwork to one of the bay windows, but not cracking. The following report carried out in March 2021 noted the flaking paintwork and that the cracking had developed.

In the face of conflicting information, I need to decide which account I find more persuasive. Like our investigator, I'm not persuaded Covea has sufficiently demonstrated the cracking to the front elevation is historic or that it occurred and stopped before the policy came into effect in December 2020.

I'm going to require Covea to carry out a period of monitoring at the property for at least six months. If the monitoring shows progressive movement, Covea should reconsider their claim decision and carry out repairs – which may mean needing to repair damage from before the start date of the policy, to provide lasting and effective repairs. If the monitoring results means Covea can show the property isn't impacted by subsidence or there are areas of pre-inception damage which don't need to be repaired, they should explain this clearly to T.

**Putting things right**

I require Covea to reconsider the subsidence claim by carrying out a period of monitoring at the property for at least six months.

**My final decision**

I uphold this complaint and order Covea Insurance plc do what I've set out above in the "Putting things right" section.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 27 February 2025.

Emma Hawkins

**Ombudsman**