

The complaint

Mr and Mrs A complain about how Covea Insurance plc (“Covea”) dealt with a claim they made on their home insurance policy following an escape of water at their home.

Although the policy is in both Mr and Mrs A’s name I have referred to Mrs A throughout this decision since she is the one who referred the complaint to this service.

What happened

Mrs A has a buildings insurance policy with Covea which started in October 2021.

In May 2022 there was an escape of water at Mrs A’s home which damaged the flooring. So she reported the matter to her insurer.

Mrs A says there were delays in progressing the claim. There was an initial visit from the loss adjustor in June 2022. Mrs A emailed Covea between July and November chasing an outcome; she had concerns around the damage to the property and the impact it was having on their health. In October 2022 a new loss adjustor was appointed so the claim process started again.

The work was due to be completed in January 2023 but didn’t commence until March 2023 because Covea delayed making the final settlement payment. Settlement was agreed on 18 January 2023 but Covea refused to include the costs for the carpets and flooring in the settlement and this led to the delay.

As a result of the handling of the claim Mrs A says she has had to pay excessive heating bills and the delays have impacted the family’s health. Covea failed to offer alternative accommodation within a timely manner, despite making it aware the home was not safe to live in.

Mr and Mrs A both suffer with various health issues which were impacted by the delays in repairing the home. Covea failed to keep Mrs A updated as to the progress of the claim and then didn’t respond to emails requesting updates. Mrs A says Covea didn’t manage the case properly from the outset which caused the family significant hardship and impacted their health. Because of this Mrs A complained. She wanted Covea to compensate her for her loss of earnings, injury to health and feelings, and the heating bills.

Covea agreed there were times the service fell short of expectations; in particular between August and November 2022. Covea also accept there were aspects of the claim that were missed during the loss adjustor’s initial inspection so it wasn’t in a position to begin calculating settlement until November 2022. Covea said alternative accommodation is generally only offered when the property has no use of a kitchen or bathroom. Once the scope of works was agreed alternative accommodation was provided, since there would be a lack of kitchen while the work was being carried out; but prior to this the property was still habitable. As a result of the shortfall in service Covea paid Mrs A £1,000 to reflect the distress and inconvenience caused.

Mrs A wasn't satisfied with the response from Covea so she referred her complaint to this service. One of our investigators looked into things for her. He said the evidence showed there were significant delays and a lack of proactiveness to resolve the claim between August and November and, given the health issues described by Mrs A, thought a further payment of £1,500 to reflect the impact on them.

Covea agreed to the investigator's recommendation. Mrs A didn't. She said despite the clear negligence demonstrated by Covea the compensation fails to adequately address the physical, financial, and emotional toll the whole matter has caused. Because Mrs A doesn't agree – the complaint has come 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.

I understand Mrs A has strong views about what's happened. And I empathise with the situation she now finds herself in. I have read and considered everything I've received. My role is to consider the evidence to reach what I think is a fair and reasonable decision.

A claim of this nature, with the extent of the damage in key areas of the home, was always likely to be a very disruptive and stressful experience for Mrs A and her family. Ultimately the leak resulted in damage to Mrs A's home. But I've had to decide what impact Covea has caused over and above what might reasonably be expected, through its handling of the claim. bearing that in mine it's my intention to uphold the complaint.

The relevant industry rules say an insurer should handle claims promptly and fairly. The escape of water in Mrs A's home occurred in May 2022. Covea appointed a loss adjustor to deal with the claim. In November 2022, some six months after the incident, Covea agreed to settle the claim. Settlement was paid in March 2023. So I don't think Covea has dealt with the claim promptly or fairly.

I can see Mrs A contacted Covea on a number of occasions in order to obtain an update on her claim and to get the repairs resolved as quickly as possible. Mrs A says emails went unanswered and calls weren't returned, or she was provided with incorrect information; and I can see how this would have been stressful and frustrating.

Mrs A provides compelling testimony of the impact the claim has had on her and her family. This is also backed up by photographs and claim notes from Covea. I've no doubt it has been a difficult and stressful experience, not helped by the delays and lack of proactivity.

Covea accept the service Mrs A received wasn't the level it would expect and paid her £1,000 to reflect the distress and inconvenience caused. I've thought about this carefully. It's not our role to punish businesses where they haven't acted fairly towards consumers but, given the circumstances described by Mrs A, the length of delays, and the inconvenience she has suffered I think a further award is due.

Our investigator recommended a further payment of £1,500 given the sustained distress, impact to health and well-being, and severe disruption to the family's daily life. Covea agreed to the offer but Mrs A didn't.

A payment for distress and inconvenience isn't to reimburse Mrs A for additional costs she's had to pay, it's an award to recognise the impact of a shortfall in service. I recognise the worry and stress the matter has caused, but I don't agree that is all down to the actions of Covea.

I've thought carefully about whether the amount of compensation fairly reflects the impact to the family as well as this service's approach to compensation and I think it does. I say this because our approach says an award of £2,500 is appropriate where the mistakes cause sustained distress, potentially affecting someone's health, or severe disruption to daily life lasting around a year. And that's what happened here.

Mrs A says there was an increase in her utility bills as a result of what happened and provided the service with copies of those bills. The bills were sent to Covea for its comments but we didn't receive any. And while I can see an increase in the cost of the energy used, in most cases the actual gas and electricity use was less than the previous year. So I'm not persuaded the increased costs were all due to the reinstatement works.

Mrs A has also provided some medical notes to support the impact the matter had on her family's health. But that was never in dispute as explained above.

I appreciate Mrs M will be disappointed with my decision. I can see it's been stressful for her and I'm sure she thought the claim would be resolved with minimal fuss. Covea accept the service it provided wasn't at the level it should have been.

Putting things right

Our investigator recommended Covea pays Mrs A a further £1,500 compensation to reflect the distress and inconvenience caused, taking the overall compensation to £2,500. I think this is reasonable in the circumstances because there were clear delays during the course of the claim and it's clear to me the impact of that on Mrs A has caused particular stress and upset. I'm therefore satisfied £2,500 is fair and reasonable compensation for this.

My final decision

For the reasons detailed above I direct Covea Insurance plc to pay Mr and Mrs A a further £1,500 in resolution of their complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A and Mr A to accept or reject my decision before 15 August 2024.

Kiran Clair
Ombudsman