

The complaint

Mrs H complains that Covea Insurance plc rejected a claim on her commercial property insurance policy.

Where I refer to Covea, this includes its agents and claims handlers acting on its behalf.

What happened

Mrs H is the leasehold owner of a flat, which was let to a tenant. She was contacted in March 2023 and told water was leaking downstairs and into the basement car park.

A track and trace specialist attended the property to find the source of the leak, and the water was shut off to make sure it didn't get into the electrical control panel. The tenant moved out of the flat.

Mrs H made a claim on her policy. She has been supported in making the claim and the complaint by a family member but for ease, I'll refer to Mrs H throughout.

Contractors were appointed to deal with drying out the property and attended in April 2023 but didn't return and Mrs H says no drying out was undertaken. In May, Covea appointed a new loss adjuster to deal with the claim.

There was a number of visits by loss adjusters and surveyors. In August 2023 surveyors appointed by Covea carried out a full technical survey and reviewed information provided by contractors that had been contacted by Mrs H.

In September 2023 Covea told Mrs H the claim had been declined, because the damage was due to gradual cause, defective workmanship or wear and tear. Mrs H complained but Covea didn't change its decision.

When Mrs H referred the complaint to this Service, our investigator said the evidence from the loss adjusters and surveyor was more persuasive and it was reasonable for Covea to decline the claim on the basis of their evidence.

Mrs H disagreed and provided further evidence but the investigator didn't change her view, so she has requested an ombudsman's decision. She has raised a number of issues but the key points include:

- the leak detection report clearly shows the burst pipe flooded the flat, car park and the outer walls of the building; and
- four different surveyors were appointed, showing Covea was trying to find a surveyor who would support the outcome it wanted.

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 industry rules and guidance say insurers must deal with claims promptly and fairly, and not unreasonably reject a claim.

The policy includes cover for damage caused by an escape of water from a pipe, but there is an exclusion for damage resulting from amongst other things, wear and tear, any inherent fault or defect, or gradual deterioration.

The crux of the matter is whether the damage in the flat was caused by an escape of water from a burst pipe, as Mrs H says, or was due to wear and tear or a gradual problem.

Mrs H says the initial leak report shows the damage was caused by a burst pipe but what the conclusion says is that an escape of water from a leak on the pipe under the bath contributed to the water escaping through the external wall.

There are estimates from contractors that refer to damage caused by a leaking pipe. But those reports are not conclusive and in some respects contradictory.

In the circumstances, it was reasonable for Covea to appoint a surveyor to carry out an inspection and provide a report. And it was reasonable to rely on that report, because

- Their report is detailed and says the issue was caused by tiles not being installed correctly, being applied to plyboard.
- There was separation between plyboards and decay to the boards. This indicates water had been escaping gradually, as opposed to sudden damage due to a burst pipe.
- It explains that the decay was as a result of water penetrating through the tiles as opposed to rising from the pipe - if the cause was the leaking pipe, damage would be expected around and below that pipe but in fact it was higher up the wall and worked down towards the floor rather than from up from it.
- The other reports also say plyboard should not have been used behind tiles in a bathroom, and that the seals and grouting were in poor condition.
- The report refers to inconsistencies in the initial reports and estimates provided – including, for example, whether the damage was due to a leak from a pipe or a water tank; references to work that was unconnected; and other errors.

I appreciate how difficult the situation has been for Mrs H. It was frustrating for her that it took some time for the claim to be considered and she's now facing the cost of repairing damage to her flat. But it was reasonable for Covea to investigate the claim properly and to seek expert advice.

As I've explained, the surveyor's report is detailed and in the circumstances it was reasonable for Covea to rely on that when deciding not to cover the claim.

My final decision

My decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 18 November 2024.

Peter Whiteley
Ombudsman