

## The complaint

Mr H complains that Covea Insurance plc has made an unfair claim decision when he raised concerns about cracking and movement to his property.

Mr H feels it is evident that damage has been caused as the result of a sinkhole appearing near to his property, causing damage consistent with subsidence.

## What happened

Mr H first notified Covea of damage to his property in late 2020. Covea had concerns about the general condition of the property and whether this was the cause of damage now claimed for and there was little progress with the claim for a number of years.

In March 2023, Mr H appointed an engineer to produce a report on the property to “*assess the structural integrity of the structure following the opening of a sinkhole immediately adjacent the rear external corner of the dwelling*”.

The report made the following conclusion:

*“It is our considered opinion that the structural integrity of the gable wall and the rear wall to the property has been compromised by the opening of a ‘sinkhole’ immediately adjacent to the rear corner of the property.*

*The sinkhole has removed the ground formation beneath these wall panels and therefore, their means of support. As a consequence, the wall panels have settled, and continue to settle upon their foundation.”*

Covea agreed to undertake monitoring of the site to help determine whether it agreed with the movement and conclusions made by Mr H’s surveyor. Monitoring took place between May 2023 and August 2023.

In January 2024, Covea’s agent wrote to Mr H to confirm it was repudiating the claim for subsidence. It said it had reviewed the monitoring information and what it saw with its site investigation. But it didn’t believe the damage evident, was the result of the foundation failure or due to damage caused as the result of a sinkhole within the neighbouring property. Instead, it felt the damage was the result of thermal expansion and contraction of the building materials and this had been exacerbated by the general condition of the external render and stone finishes.

Mr H complained about the claim decision and Covea maintained that it had acted reasonably when making the decision it had and the complaint was not upheld.

Our investigator looked at this complaint and didn’t think Covea had made a fair claim decision. They said it was accepted that in places, the condition of the external render and brickwork is poor. However, with Covea relying on the exclusions of the policy, it needs to evidence what it has relied on and that it has been fair and reasonable to apply the exclusion. They didn’t think Covea had fairly done this and when considering the surveyors

report provided by Mr H and the monitoring readings produced, they didn't think Covea had acted fairly when making its claim decision.

Our investigator recommended that Covea accept the claim and progress it in line with the remaining terms and conditions of the policy.

Mr H accepted the investigators recommendation. Covea did not, it felt it previously evidenced its position as being fair and asked for the complaint to be referred for 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.

I am upholding this complaint, for much the same reasons as our investigator. I appreciate Covea will be disappointed by this, but I'll explain why I think it is fair that it progresses this claim in line with the remaining policy terms. As I don't think it has demonstrated that it is fair to say the damage is the result of the properties prior condition.

In December 2022, Covea produced a preliminary report on the cause of the damage. The report makes the following conclusion:

*"The information gathered by our inspector has been reviewed by our technical team who consider that damage which centres around the rear elevation of the main property may have potentially been caused as a result of the sinkhole within the neighbouring garden. It is equally plausible that cracking to the rear elevation has occurred as a result of the general poor condition of the building fabric, a general lack of maintenance along with defective rainwater goods which could allow water to penetrate into the structure which in turn is breaking down the internal and external finishes".*

It is evident that while the property and its general condition could be the cause of the damage, it hasn't been shown this is the definite cause. So Covea hasn't demonstrated that the sinkhole isn't the cause or that it is fair to repudiate the claim.

Mr H has provided his engineers report which details the movement and the opinion of this engineer. It is accepted they have been appointed by Mr H, but the conclusion of this report, set out above, is more definitive on the cause of the damage. It shows the sinkhole to be deemed the main cause of the damage to Mr H's property with this having removed the ground around the foundations, resulting in the movement.

Covea has said it doesn't think the movement and cracking is consistent with foundation movement but rather the poor condition of the fabric of the building exacerbating thermal movement.

After Mr H's report was provided, Covea agreed to undertake monitoring of the property for a period of time and this showed the property was moving. This doesn't provide any clarity on the cause of the movement and whether it is the result of the sinkhole. But it does show the property to be moving and I don't think Covea has demonstrated this is not being caused by the sinkhole.

Overall, I don't think Covea has demonstrated the damage to Mr H's property is the result of wear and tear and its general condition, with this exacerbating thermal movement. Nor has it demonstrated this is the most likely cause of the damage or that it is fair to decline the claim on this basis.

The sinkhole has been referenced by Covea as a potential cause of the damage and this is supported by Mr H's engineers report. And I think it is fair to accept, that despite underlying issues with the condition of the property, Covea needs to consider this claim for subsidence as it has not been able to demonstrate this isn't the cause of the movement and damage to Mr H's property.

### **Putting things right**

I don't think Covea has demonstrated it has acted fairly when repudiating Mr H's claim for subsidence and it needs to do the following to put things right.

Covea will need to reconsider Mr H's claim for subsidence and progress this in line with the remaining policy terms.

### **My final decision**

For the reasons I've explained above, I uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 9 April 2025.

Thomas Brissenden  
**Ombudsman**