

The complaint

D, a limited company, complains about the way Covea Insurance plc has handled claims it made on its commercial property insurance policy.

D is being represented in bringing this complaint by Mr M, one of its directors. I've referred to his comments and actions as being those of D.

What happened

In 2022 D made two claims on its commercial insurance policy relating to damage caused to the property by third parties (TPs). Covea accepted the claims but said it would settle them proportionately, as it considered D to be significantly underinsured.

D complained about Covea's decision to settle the claims proportionately. It referred a complaint about Covea's decision to the Financial Ombudsman Service, which was considered in September 2023. The complaint wasn't upheld. Our Investigator said whilst D had contested Covea's surveyor's reinstatement value, D hadn't provided any persuasive evidence to show that Covea's reinstatement value was incorrect.

In September 2023 D provided its own survey report on the reinstatement value of the building. In January 2024, D told Covea it had received claim payouts from the TPs.

In July 2024 Covea issued a further complaint final response letter. That responded to D's complaint about delays in reviewing its survey report and general handling of the claim. Covea accepted there had been delays in reviewing that and progressing the claim and offered £800 compensation.

However, Covea said it had asked D for details of claim settlements. As this hadn't been provided, Covea wasn't in a position to review its offer on the claim.

In October 2024 a further FRL was issued by Covea. This said no claim payout would be made unless further details were provided in relation to monies recovered from the TPs. It said it would review this further if D provided the evidence it had asked for.

Unhappy with Covea's response, D referred a further complaint to this Service. It wanted Covea to reimburse its surveyor's costs and compensate it for the time taken in pursuing the claim.

Our Investigator didn't uphold the complaint.

D asked for an Ombudsman to consider matters. It said the insurance was mis-sold, not fit for purpose and it shouldn't have had to pursue third parties directly for claim payouts.

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.

As this is an informal Service, I'm not going to respond to every point made, or piece of evidence referred to by both parties. However, I'd like to assure both Covea and D that I've read and considered everything they've provided.

D has made comments about Covea's conduct in assessing the sum insured. Like our Investigator, I haven't reviewed this, as the matter of underinsurance has already been dealt with previously by this Service.

Covea accepts it did, at times, unnecessarily delay the claim. I can see that it was slow to respond when D provided its survey report in September 2023, delaying matters by around four months. It also accepts it should have progressed other matters quicker and that this has caused D unnecessary inconvenience. I consider, for the delays Covea is responsible for, £800 to be a reasonable offer of compensation and in line with the approach this Service takes to such awards.

I'm not satisfied Covea is responsible for the claim still not being resolved more than two years after it was registered. D did at times say, in 2022, it wanted to pursue the TPs directly before asking Covea to deal with matters. Covea then reasonably took some time, in 2023, to establish whether D was adequately insured. Then in 2024, having reviewed D's report, Covea was looking to settle matters until D informed it that it had received claim payouts from the TPs. Covea has asked D for more detail on this including what the payouts were for and on what basis the payments were made. I haven't seen that D has provided Covea with the information it has asked for. Nor has it provided it to this Service.

It is a principle of insurance that you cannot be indemnified for the same loss twice. Covea has, in my view, asked reasonable questions to establish whether D has been fully indemnified for its losses suffered. As this information hasn't been provided, it follows I find Covea has acted reasonably in not making any payments. Although it has said it will consider any information D does provide, which I consider to be reasonable.

I also consider Covea has been reasonable in not reimbursing D's costs incurred in obtaining its survey report. D's report still showed the property was significantly underinsured. And given a claim payment hasn't been made as D might have received claim payouts from the TPs, I'm not persuaded that the report has had a significant impact on the claim outcome. As such I don't consider that Covea should reimburse D's costs for it.

I'm also not satisfied Covea needs to make a payment to D for its time spent pursuing the TPs. Covea didn't ask D to do this, nor did it give its consent for D to do so. And I find Covea is reasonable in saying this has prejudiced its position in relation to its right of recovery under the policy. So, in the circumstances I don't consider it would be fair or reasonable for Covea to reimburse any costs D incurred in its pursuit of the TPs.

D has said that the policy was mis-sold, and that when £20,000 in premiums is paid, it expects the insurer to pay out. Covea, as the insurer, didn't sell the policy to D. Any complaint about the sale of the policy therefore would need to be made against the seller. I'm satisfied, having reviewed Covea's handling of the claim, that it's reached a fair position not to make any payment until further information is provided. It follows I'm not going to direct Covea to do anything differently.

My final decision

Covea Insurance plc has already made an offer to pay £800 compensation to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Covea Insurance plc should pay £800, if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask D to accept or reject my decision before 6 March 2025.

Michelle Henderson

Ombudsman