

The complaint

A limited company, which I will refer to as H, complains about the decline of its commercial insurance claim by Covea Insurance plc.

What happened

The circumstances of this complaint are known to both parties, and are not really in dispute. So, the following is intended only as a brief summary of the claim and complaint. I have also limited the specifics of the facts in order to maintain H's anonymity.

H operates as a manufacturing company, and held a commercial insurance policy underwritten by Covea. A third party, which I will refer to as TP, caused significant damage to H's equipment which needed repairing, and this led to an interruption of H's business.

H claimed under the policy. However, Covea declined the claims. It relied upon the general exclusion in the policy titled "War Government Action and Terrorism". This exclusion said that claims would not be covered where the damage or loss was caused by, contributed to, or arose from Terrorism. And the policy defined Terrorism as:

"any act or preparation in respect of action or threat of action designed to influence the government de jure or de facto of any nation or any political division of any nation, or in pursuit of political, religious, ideological, or similar purposes to intimidate the public or a section of the public of any nation by any person or group of persons whether acting alone or on behalf of or in connection with any organisation or government de jure or de facto and which...

(ii) involves serious damage to property"

Covea said that TP's motivation included putting pressure on government(s) and their electorates to halt arms trade with a particular country, intimidatory threats to those believed to be concerned with or contributing to the production of those arms, and perhaps also the intimidation of a wider section of the population perceived to support the UK's arms trade with the particular country. And that the damage caused to H by TP was in pursuit of these goals. As a result, Covea said that the damage was at the very least contributed to by Terrorism as defined and excluded by the policy.

H complained, largely on the basis that TP was not a designated terrorist group. And that the activists were charged with criminal damage, violent disorder and aggravated burglary, rather than terrorism offences. H also said that other policies had covered similar claims.

When Covea did not change its position, H brought its complaint to the Financial Ombudsman Service. However, our Investigator did not recommend that the complaint should be upheld. He thought that the policy carried a specific definition of Terrorism, and that the circumstances of the claim fell under this. So, he thought Covea had acted fairly and reasonably when applying it to the claim.

As H remained unsatisfied, its complaint has been passed to me for a 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.

Having done so, I have reached the same conclusion as our Investigator. I'll explain why.

H has my sympathies in this matter. It has clearly been significantly impacted by the actions of a third party. Additionally, it appears quite possible that TP didn't have good reason to cause damage to H specifically, and that TP's belief that H was involved in the issue at hand was mistaken.

However, just because an event has happened that has caused physical damage and an interruption to business, does not necessarily mean that an insurer will be responsible for the associated loss. It is necessary to consider the cover provided by the policy in place, and this includes any relevant exclusions to that cover.

I do appreciate that TP is not a designated terrorist group. And that the charges brought against the individuals involved were not those of terrorism. But the decision of the police/CPS will have been made based on a number of factors. And it is necessary for me to consider what H's policy says, rather than the factors the CPS may have borne in mind.

And whilst other insurers may have met similar claims, the terms provided by those other insurers may be different – for example, requiring the action to be that of a terrorist group. And even if the terms are the same in those policies, I am concerned here purely with considering the decision of Covea in the circumstances of H's claim. And, to do this, it is necessary to consider the terms in H's policy and the circumstances of its claim.

The exclusion above is clear that where Terrorism – as defined by the policy – is the cause of a claim, the policy will not provide cover. Whilst I note the title of the exclusion, I do not consider there to be any ambiguity created here. The terms are clear that Terrorism has a particular meaning in H's policy.

It does not seem to be in dispute that there was serious damage to property. So, I need to consider whether it was fair and reasonable for Covea to determine that the damage caused to H's property was designed to influence the government, or to intimidate the public or a section of the public.

TP's website says that it does not seek to appeal to politicians/the government. Rather it takes direct action against its primary target, which is stated to be a particular weapon manufacturer, and secondary targets (i.e. those who contract with its primary target). TP considered H to be a secondary target. The aim of this latter action is apparently to cause these secondary targets, and any potential future contractor, to question the worth of continuing to do business with the primary target.

By causing secondary targets to have concerns over potential future losses that might be caused by this direct action, I consider that TP would be seeking to intimidate these sections of the public. Effectively, TP is saying "stop working with the primary target, or else". I consider this is clearly an attempt at intimidation. I would also add that, whilst TP may have been mistaken in its belief that H was working with the "primary target", its actions were still taken in order to intimidate potential contractors.

Based on this, I consider it was fair and reasonable for Covea to consider that TP's actions fell within the policy definition of Terrorism. It follows that I consider Covea acted appropriately when declining H's claim on the basis of the above exclusion.

I appreciate this will come as a disappointment to H and its directors. But I am unable to fairly and reasonably ask Covea to do anything more in the circumstances of this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask H to accept or reject my decision before 17 April 2025.

Sam Thomas
Ombudsman