

The complaint

Mrs T complains that Covea Insurance plc accepted a claim under her home insurance policy only to later decline it, causing an unnecessary delay in her getting the problem fixed.

What happened

The background to this complaint is well known to both parties, so I'll provide only a brief summary here, focussing on the key issues as I see them.

Mrs T has home insurance underwritten by Covea which covers her home and its contents, amongst other things.

Mrs T bought her home in mid-2021 and took out her policy with Covea in October 2021.

At or around that time, she'd had repairs carried out to the soil pipe which takes foul water from her upstairs bathroom to the underground drain at the foot of her kitchen wall.

The repairs were completed in November 2021 by Mrs T's own contractors. They involved replacement of the soil pipe – because it was made of asbestos – and repairs to a faulty connection between the soil pipe and the drain.

In late March 2023, Mrs T made a claim to Covea. She'd become aware that her kitchen floor was collapsing at and/or under the external wall close to the soil pipe - and foul water was collecting in the void that had appeared.

Covea carried out an assessment and accepted the claim, on 11 April 2023. They appointed various contractors to carry out drying and repair work at the property.

In short, over the next few months, it appeared to Mrs T that very little appeared to be happening in terms of progressing the works. She was in touch with the contractors herself to attempt to arrange the works and then followed things up with Covea.

Mrs T was still chasing progress in June 2023. That appears to have caused Covea to review the claim. And on 30 June 2023, they told Mrs T that her claim was declined and they wouldn't be carrying out the previously agreed works. They said the damage was gradual and/or pre-existed the inception of the policy and so wasn't covered.

Mrs T then engaged with a separate insurer who provides cover for her pipes and drains. They carried out repairs to the soil pipe and drains, although they didn't cover damage to the small area of linoleum which had to be removed from Mrs T's kitchen or anything else unrelated to the pipes and drains themselves.

Mrs T complained to Covea about their handling of her claim. They said the decision to decline her claim was correct. But they apologised for the inaccurate information she'd been given at the start of the process and paid her £300 in compensation for her trouble and upset.

Mrs T wasn't happy with this outcome and brought her complaint to us. Our investigator

looked into it and didn't think Covea has done anything wrong. She said the compensation award had been fair and reasonable.

Mrs T disagreed and asked for a final decision from an ombudsman. She thinks the compensation paid by Covea isn't enough given that she spent close to three months living with a hole full of foul water in her kitchen as result of Covea's error.

And she says the compensation in effect amounted to £50 because Covea charged her a £250 excess on the claim and didn't pay it back despite not carrying out any repair work and declining the claim.

I also disagreed with our investigator and thought the complaint should be upheld. And, for that reason, I issued a provisional decision. That allowed both Mrs T and Covea the chance to provide further information or evidence and/or to comment on my thinking before I issue my final decision in this case.

My provisional decision

In my provisional decision, I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I believe Mrs T now accepts this, but I want to be clear from the outset - given what we now know about the damage and its cause(s), it's clear that the repairs were never going to be covered under Mrs T's home insurance policy.

Mrs T knew when she bought the property – or at the very least soon after moving in – that there was an existing issue with the soil pipe. She's told us the connection between the soil pipe and the drain had failed – which was one of the reasons she had her own repairs carried out in 2021.

We now know – after the repairs carried out by the pipes and drains insurer - that the reason foul water was escaping at the foot of the soil pipe was that it had become disconnected from the drain (again).

So, the void under Mrs T's kitchen wall (and the associated damage to her kitchen) was almost certainly caused by:

(a) water escaping at the foot of the soil pipe before Mrs T moved into the property (and before she had cover with Covea) – and up to the point her own contractors fixed (supposedly) the connection between the soil pipe and the drain; and/or

(b) water escaping in the same place after the supposed repairs had been carried out but then clearly failed.

And the void was filling with foul water for the same reason(s).

Mrs T's policy doesn't cover pre-existing damage. And, where ground movement issues are caused by an escape of water, it doesn't cover faulty workmanship or design, or defective materials.

In short, the soil pipe was broken before Mrs T moved in (and later took out her policy with Covea). It was broken again before the most recent repairs were carried

out (by the pipes and drains insurer) because Mrs T's contractor didn't repair it properly in 2021.

I'm aware Mrs T thinks a (minor) earthquake may have dislodged the soil pipe's connection with the drain. That seems to me inherently unlikely. I'm unaware whether Mrs T has contacted the contractor who carried out the repairs in 2021, but it seems that might be an avenue to pursue for her – but that's nothing to do with Covea, of course.

So, there's nothing that Covea should have done - or now need to do – in terms of fixing any of the damage to Mrs T's property caused by the faulty soil pipe. That damage isn't covered. As I say, I believe Mrs T now accepts this.

However, the remaining problem here is that Covea did tell Mrs T – in early April 2023 – that they would repair the damage she'd reported when making her claim. And indeed, they embarked on that task by appointing contractors.

When they declined her claim, over two and a half months later, in late June 2023, they had no more information or evidence about the claim than they'd had in April. They simply reviewed that same information and came to a different conclusion.

So, to make it simple, had Covea told Mrs T at the outset that they weren't accepting her claim – as they ought to have done – Mrs T would have asked her other insurer to cover the damage at that point. And the repairs they carried out would have been completed more than two and a half months sooner.

And that means Mrs T and her family lived in a house with a hole full of foul waste water in the kitchen for two and half months longer than they need have done. And that's the primary reason why Covea need to compensate Mrs T for the trouble and upset she's been caused by their error.

When I bear that in mind, alongside the stress, frustration and inconvenience caused to Mrs T during the period when Covea's contractors were supposedly dealing with this issue and afterwards – and the disappointment of Mrs T's expectations caused by Covea mistakenly telling her they'd deal with the problem – I think £300 in compensation isn't enough.

As we say on our website, we think compensation awards of between £300 and £750 are appropriate where the impact of a mistake has caused considerable distress, upset and worry – and/or significant inconvenience and disruption – usually lasting for many weeks or months.

I think Mrs T's experience sits towards the top end of that compensation bracket and I'm minded as things stand to require Covea to pay her £750 in compensation for her trouble and upset. I particularly bear in mind the presence of significant amounts of foul water in the kitchen of the family home – for, as I say, two and a half months longer than necessary solely as a result Covea's error.

I understand Covea have already paid Mrs T the £300 compensation they themselves had offered. So, they need to pay her a further £450 now.

I'm also minded as things stand to believe Mrs T when she tells me Covea's contractors charged her a £250 excess at the outset of the claim. There are emails from Covea to Mrs T telling her that's exactly what they intend to do. And I have no reason to doubt Mrs T's assertion that the £250 was paid to the contractor.

Covea have told us they didn't charge an excess. And to be clear, they absolutely should not have done because they declined the claim and didn't carry out the repair work. I'd ask that Covea check their records – and raise this issue with their contractor.

If I don't receive any persuasive evidence, in response to this provisional decision, to show that the excess wasn't in fact paid, I'm minded to ask Covea to refund that £250 to Mrs T, in addition to the compensation I'm awarding."

The responses to my provisional decision

Mrs T didn't respond to my provisional decision. I'm going to assume that's because she largely agreed with it.

Covea responded to say they didn't agree with my decision. I'll try to summarise their reasoning below.

One – they struggle to understand the compensation award I was suggesting bearing in mind our guidance on these matters. They believe the £300 they'd paid Mrs T is in line with that guidance (in 2023, when the compensation was issued).

Two – the issue was on-going for two years and Mrs T had been dealing with the foul smell for that amount of time. So, the two and a half months Covea spent thinking they were dealing with the claim was of less consequence in terms of the impact on Mrs T.

Three – the only reasons I gave for the compensation being increased were the smell and Mrs T's disappointed expectations. And the contractors undertook some work to control the smell – which was over and above the cover Mrs T actually had.

Four – Mrs T benefitted from Covea investigating and discovering the cause of the issue.

Covea also confirmed, after making enquiries with their contractors, that Mrs T had in fact paid the £250 excess. And they said they'd now ensure the loss adjuster took steps to have that money refunded.

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'm grateful to Covea for their admission that the excess had been charged. And I'm glad they're taking steps to ensure it's refunded. It is a shame they didn't carry out those enquiries earlier when they insisted, in response to our direct question, that they hadn't charged an excess.

I'll admit to being slightly baffled by Covea's comments about my reasons for increasing the compensation. I'd suggest they read my provisional decision again. It does not say the suggested compensation award is based on the smell and Mrs T's disappointed expectations.

It says Mrs T experienced stress, frustration and inconvenience over the two-and-a-half-month period when Covea's contractors were supposedly dealing with the (urgent) issue in her kitchen, as well as disappointed expectations when they changed their mind.

The period before that didn't consist of two full years where Mrs T was dealing with the foul smell. Her pipe was fixed for a period of time. And besides, there is a huge difference between experiencing a foul smell (for whatever period) and having a hole in your kitchen floor which is filled with foul water.

I also fail to see any logic in the suggestion that because Mrs T had experienced problems *before* the two and a half months hiatus which was due solely to Covea's errors or omissions, that period was then in some way less impactful or didn't matter.

I agree that Mrs T benefitted from Covea's diagnosis of the problem. However, that's not really the point here. She was very badly affected by Covea's failure to understand that their diagnosis of the problem meant that she wasn't covered. And, to get back to the fundamental issue, she spent two and half months longer that she ought to have done living in a house with a kitchen with a large hole full of foul water.

Our guidance – which hasn't changed in any substantive way since 2023 - says compensation awards up to £300 (the amount Covea paid Mrs T) are appropriate where there have been repeated small errors, or a larger single mistake, requiring a reasonable effort to sort out. These typically result in an impact that lasts a few days, or even weeks, and cause either some distress, inconvenience, disappointment or loss of expectation.

I'd respectfully suggest that living in a kitchen with a hole in the floor filled with foul water – for two and half months – goes well beyond that degree of trouble and upset.

In summary, nothing I've heard from Covea in response to my provisional decision has caused me to change my mind about the outcome of this case or about what Covea need to do now to put things right.

Putting things right

I set out in my provisional decision (above) what I was minded to say Covea needed to do to put things right for Mrs T. I haven't changed my mind – for the reasons set out above - and I won't repeat myself here. A summary of what I'm requiring Covea to do is set out in the section immediately below.

I'm going to ask Covea to pay interest at 8% simple per annum on their refund of the excess Mrs T paid. That's because Mrs T has been deprived of that money for the period of time between her paying it to Covea's agent and the date on which Covea reimburse her.

My final decision

For the reasons set above, and in my provisional decision, I uphold Mrs T's complaint.

Covea Insurance plc must:

- refund the excess (£250) paid by Mrs T to their contractors, adding interest at 8% simple per annum calculated from the date Mrs T paid the excess to the date it's refunded; and
- pay Mrs T a further £450 in compensation for her trouble and upset (making a total of £750 compensation paid).

If Covea Insurance plc considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs T how much it's taken off. It should also give Mrs T a tax deduction certificate if she asks for one, so she can reclaim the tax from HM

Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 27 March 2025.

Neil Marshall
Ombudsman