

The complaint

Miss S complains about the decline of a claim she made on her residential property owners policy with Covea Insurance Plc ('Covea').

Much of Miss S' dissatisfaction is directed at agents acting on behalf of Covea. As Covea are responsible for the actions of their appointed agents, any reference to Covea in my decision should also be interpreted as covering the actions of their appointed agents.

What happened

The background to this complaint is well known to Miss S and Covea. Rather than repeat in detail what's already known to both parties, in my decision I'll focus mainly on giving the reasons for reaching the outcome that I have.

Miss S had tenants leave her property in September 2023. Shortly afterwards, a property management company acting on her behalf, carried out an inspection. They found damp issues in the property. As Miss S wasn't persuaded by the estimated cause or cost of repairs, she undertook some further investigations herself.

She ultimately identified that the roof of a neighbouring property was in a state of disrepair and likely causing the issues in her property. She contacted the owner of that property and was told the roof was going to be replaced, but they then provided various reasons to explain delays in the roof being replaced.

Miss S had contacted her insurance broker at the end of November 2023 to let them know about the water ingress problem. They asked Miss S to provide photos of the damage. Due to a combination of issues with visiting the property and Miss S' understanding that the roof would be repaired in December 2023, she decided to wait before progressing to making a claim under her insurance policy. B2 presented the claim to Covea in early January 2024. Initially, the claim was declined on the basis that the property was unoccupied. After further back and forth, the claim (repairs and loss of rent) was ultimately declined for the cause of the loss being gradual and having occurred over time.

Unrelated to the claim, Miss S later decided to sell her property, and this completed in June 2024.

Miss S referred her complaint to our Service for an independent review. Our Investigator recommended that the complaint not be upheld and as Miss S remained unhappy, the complaint was then referred to me for a decision. I recently sent both parties a copy of my provisional decision. As the deadline for responses has now passed, I've considered the complaint for a final 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.

Our Service is an alternative, informal dispute resolution service. Although I may not address every point raised as part of this complaint - I have considered them. This isn't intended as a discourtesy to either party – it simply reflects the informal nature of our Service.

Both parties responded to my provisional decision, but neither have provided any comments or evidence that materially changes the outcome I'd set previously set out. Therefore, those earlier findings form the basis of this, my final decision.

The scope of my decision

Various parties have been involved during this claim and complaint. Although I may refer to them, I'm not considering the actions of Miss S' broker or her property management company.

I will be considering whether Covea have fairly investigated and considered the claim, before declining it in line with the relevant policy terms. I'll also be considering the service provided by Covea when responding to the claim.

The claim decline - repairs

I have sympathy for the situation Miss S found herself in. She has explained that she only became aware of the damage after the tenant moved out. Whilst it's unfortunate the tenant didn't notify the management company and it seems likely the damage did get worse over time rather than occurring as a result of a one-off event, that's not the responsibility of Covea to respond to. The photos provided support that this damage has occurred over time and will likely have worsened between Miss S becoming aware and then notifying her insurer nearly four months later.

I'm not considering the actions of the property management company, but I note the tenancy agreement includes an allowance for the landlord or their agent to inspect the property (with 24 hours notice), initially twelve weeks after the start of the tenancy agreement and thereafter at ten to twelve weekly cycles. No evidence has been provided that these inspections occurred. This is particularly relevant here as the damage to Miss S' property occurred over the course of, likely, many months.

I also note that the contract includes a provision for the landlord or their agent to show prospective new tenants the property in the final two months of the tenancy agreement. Again, it seems more likely than not that as Miss S hadn't made any decision to sell prior to the ending of her tenant's contract, her agent (the property manager) would have had access to the property when carrying out viewings.

Overall, I find that Covea can fairly decline the claim for repair/redecoration works because the damage occurred gradually, over time. This is excluded under the policy terms.

Loss of rent

Covea initially disputed the loss of rent claim as they didn't agree the property was uninhabitable after the previous tenant left. I find that Covea reached this position fairly, as although less desirable because of the water ingress - this didn't make the property uninhabitable.

However, Covea ultimately declined the loss of rent claim because the damage that led to the loss of rent had occurred over time. The policy terms state [bold added for emphasis by Ombudsman]:

*“If your property is uninhabitable **due to damage insured by this section** we will pay for...”*

As the loss or damage wasn't something covered by the policy – because it had occurred gradually over time, I find that Covea can fairly decline Miss S' claim for loss of rent. I don't need to get into the detail of whether Miss S had a tenant lined up or not, even in the absence of a signed agreement, as Covea can fairly decline this part of the claim.

The service provided when responding to the claim

I find that there were failings on the part of Covea when responding to this claim. I find that this was not a complex claim, yet various reasons were given for declining the claim by Covea and their agents when it ought to have been apparent that it was not going to be covered.

For example; Covea sent Miss S on an evidence hunt to show that she had a tenant lined up. But in any case, the claim was not going to succeed because of the proximate cause of the damage being claimed for - and this should have been apparent to Covea very early on.

As another example, Miss S was told initially the claim failed due to unoccupancy. But this showed a lack of understanding by Covea as to the circumstances of the claim. And it wasn't until a few months had passed on 1 May 2024 that a loss adjuster was appointed to the claim. I also note that Covea's internal communications and records pointed to their awareness of issues with the service provided by their own agents.

For balance, I have of course kept in mind that Covea are entitled to investigate a claim and there was the added step of a broker involvement here. But whilst the claim outcome likely would have remained the same even where the service provided had been better, in the specific circumstances of this complaint, I find Covea have wasted Miss S' time and effort and their actions weren't in keeping with ICOBS 8.1.1: *“An insurer must: (1) handle claims promptly and fairly”*

I find avoidable uncertainty and frustration has been caused to Miss S, for which Covea need to recognise with compensation. Having carefully considered our published guidelines, I find that an award of £200 is appropriate.

Putting things right

Covea Insurance plc need to pay Miss S £200 compensation for avoidable distress and inconvenience (uncertainty and frustration) that their actions have caused her.

My final decision

My final decision is that I partially uphold this complaint. Subject to Miss S accepting my decision before the deadline set below, Covea Insurance plc need to follow my direction as set out under the heading *‘Putting things right’*.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 16 April 2025.

Daniel O'Shea
Ombudsman