

The complaint

Mr and Mrs M are complaining that they think Covea Insurance plc overpaid on a claim they made for subsidence against their buildings insurance policy. They think this has meant they're now paying more for their annual premium than they should be.

What happened

In November 2022 Mr and Mrs M contacted Covea to claim for some damage they'd noticed start to appear on their house which they believed was arising from subsidence. Covea appointed a loss adjuster to handle the claim on its behalf. The loss adjuster then appointed a contractor to carry out the repairs covered under the policy.

Mr and Mrs M later raised a complaint about the amount Covea had paid on the claim (around £10,000) as they said it had paid for works the contractor didn't actually carry out. They highlighted their annual premium had significantly increased, which they believe was partly down to the amount Covea had paid. Covea didn't agree it had overpaid on the claim. But it also said the amount it had paid on the claim didn't impact the premium – it was the fact they'd made a subsidence claim was the defining factor in the premium increase. Mr and Mrs M didn't agree so they referred their complaint to this Service.

Since referring the complaint to this Service, Covea acknowledged it had paid for two items it shouldn't have done – totalling around £214. And it said it had requested a refund of this. It said the remaining amount it paid was fair. But it said this difference wouldn't have impacted the premium it charged.

Our Investigator didn't uphold the complaint. He acknowledged Covea had seemingly paid slightly more than it should have done, but he was satisfied Covea had shown this didn't impact the premium Mr and Mrs M paid.

Mr and Mrs M didn't agree with the Investigator. They maintained Covea had paid for works that didn't happen. They also don't think the fees charged by the loss adjuster were justified. Finally they commented their insurance premium had significantly increased at the latest renewal. But they said they were unable to change insurers because of the subsidence claim. As Mr and Mrs M didn't agree with the Investigator the complaint has been passed to me to decide.

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've come to the same conclusion as the Investigator and I'll now explain why.

I should first set out that I acknowledge I've summarised Mr and Mrs M's complaint in a lot less detail than they've presented it. Mr and Mrs M have raised a number of reasons about why they're unhappy with the amount Covea has paid to settle the claim. I've not commented on each and every point they've raised. Instead I've focussed on what I consider

to be the key points I need to think about. I don't mean any discourtesy about this, but it simply reflects the informal nature of this Service. I assure Mr and Mrs M and Covea, however, that I have read and considered everything they've provided.

I also think it would be useful to set out this Service's role. Mr and Mrs M have said part of the purpose of their complaint is to protect other policyholders who may be unaware or able to check the costs their insurer has paid. But this Service is not the regulator of the insurance industry. So it's not for us to tell insurers how they should and should not handle a claim. We are a dispute resolution service and our role is to assess a complaint on a case by case basis reviewing whether a business has acted fairly and reasonably. If we don't think it has done so, we then look to see whether the complainant has lost out as a result.

Mr and Mrs M are unhappy with the way Covea has settled their claim – in particular they think Covea paid the contractor and loss adjuster more than it should have done. As I said, it's not for me to tell Covea how to settle a claim. It's not unusual for insurers to use loss adjusters to handle a claim – especially where a claim is arising from potential subsidence. It's also not unusual for insurers to have commercial arrangements with these loss adjusters. And it's not unreasonable for insurers to do so as it's often more cost efficient to do so.

Covea has given this Service an explanation of why it paid what it did and it's also explained how the claim has impacted the premium. I'm afraid I can't share that information with Mr and Mrs M but I've considered it carefully.

Covea has acknowledged it paid for a couple of things it shouldn't have done, which it's looking to get back. But I've reviewed how it calculated the annual premium and I'm satisfied the extra it paid didn't impact the annual premium. Ultimately, Mr and Mrs M made a claim for subsidence and it's this that was the defining reason for the impact on the premium and a minor change in the amount Covea paid hasn't impacted the premium they've paid since the claim. I recognise the premium Mr and Mrs M are now paying has significantly increased, but that's an inevitable consequence of making a subsidence claim. And I'm satisfied Covea has acted fairly in the way it calculated the premium it charged.

I note Mr and Mrs M don't agree with the fees charged for work carried out. But this is a matter of a commercial arrangement between Covea and its agents. Naturally, it also needs to be noted that it's not in Covea's interests to overpay on a claim as it would be the one to be out of pocket. So for its own commercial purposes, it will look to minimise its claim costs where it reasonably can.

I've considered Mr and Mrs M's comments about the areas it think Covea has overpaid and I understand their point of view here. But, other than the items Covea has agreed it incorrectly paid, I've not seen anything to show Covea has acted unreasonably in the way it settled the claim. But, even if Covea did pay slightly more than it should have done on the claim, I'm satisfied Covea has shown the premiums Mr and Mrs M have paid wouldn't have been different had it paid less on the claim. So Mr and Mrs M haven't lost out because of any extra Covea paid.

Mr and Mrs M have recently highlighted that their latest renewal premium has increased by significantly more than it did the year before. But they haven't raised this with Covea before. Under the complaint handling rules set by the Financial Conduct Authority a business has to have an opportunity to respond to any complaint before this Service can become involved. So they'll need to raise this issue with Covea first.

My final decision

Covea has said it will look to obtain a refund of the around £214 it overpaid on the claim from

its contractor. I think that's fair and it should update Mr and Mrs's records accordingly. I don't require Covea to do anything further.

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

Guy Mitchell
Ombudsman