

The complaint

G, a company, represented by its director, in turn represented by G's broker, has complained about its motor trade insurer, Covea Insurance plc regarding a fire claim it made, which it believes Covea has handled poorly, causing delays and financial loss.

What happened

There was a fire at G's premises in February 2023. A claim was made via G's brokers. It was September 2023 when a loss adjuster first visited the premises. The loss adjuster noted various concerns about the claim and began making enquiries. In December 2023, March and September 2024, Covea provided final response letters (FRLs) in response to concerns G had raised about the progress of the claim. In the September FRL Covea revised its view on the early part of the claim, initially commented on in the December 2023 FRL. It accepted there had been delays and said it would pay a total of £1,000 compensation for inconvenience caused across the whole of the claim.

G remained unhappy. Having brought its complaint to the Financial Ombudsman Service in May 2024, G wanted Covea to settle its claim. G said the delay had destroyed its business as, without Covea's support, it had been unable to trade.

Our Investigator asked G for evidence of its financial losses, for anything which might show Covea's actions had meant it couldn't trade. G said it was obvious from the facts of the claim that Covea's actions had affected its ability to trade – it had stayed an active company, sub-letting the premises to another business but, without a claim settlement, it couldn't actually trade, staff had been let go and then everything was gone. G said that wouldn't have happened if Covea had handled the claim properly.

Having reviewed everything, our Investigator was not minded to make Covea do anything more. She felt it had caused delays, that it could have handled the claim better, which would have meant it would have progressed in a more timely manner. However, she noted the £1,000 compensation and felt that was fair and reasonable compensation for inconvenience caused to G. And she wasn't persuaded, given the limited evidence available, that Covea's delay had caused G to cease trading.

G was dissatisfied with that outcome. It said Covea had destroyed it and still not dealt with the claim – it could be proven it had not traded since 2023 due to "the site being a complete loss". G said it seemed totally unfair that its business could be lost, with staff losing their jobs as a result and all Covea had to pay was £1,000. Also, G said, compensation was not the main point of the complaint – it was pursued to show how Covea and other big insurers are treating their customers.

Our Investigator reviewed everything. She was not persuaded that the evidence available showed that G most likely ceased trading due to Covea's delay. G did not respond further. The complaint was referred for an Ombudsman's 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.

This complaint is about delays in the claim. In line with our usual processes, this complaint will review claim activity from the date of the claim until the relevant FRL – which in this case was that issued on 17 September 2024. If G remains unhappy with Covea's actions after that date, it will have to make a further complaint.

Also in line with our process, whilst I've reviewed everything, I won't set out all of the evidence provided nor reference every argument made. Rather I'll focus on those key to the heart of the complaint and my findings.

There is no doubt that Covea caused delays here. It has acknowledged such in both its December 2023 and September 2024 FRLs. It's offered a total of £1,000 compensation to make up for the inconvenience those delays have caused G. That is not an insignificant sum and, set against our guidance for compensation awards, it's reflective of serious disruption being caused over a sustained period. We might award more if there has been long term distress caused – but G, as a business, cannot suffer distress. And as G is a business, we cannot take into account any upset caused to its directors.

We might also award more if the inconvenience suffered on account of the insurer's delay lasted for more than a year. Here the claim was February 2023, and Covea's last FRL was September 2024. So I've considered whether that twenty-month period equated to unreasonable delay by Covea of over a year. In short, I don't think it did.

I think this was a claim which would always have taken a considerable time to resolve. Ideally, Covea would have appointed a loss adjuster to visit the premises within a few weeks of the loss. But it would then likely have needed to consult the fire brigade which can take some considerable time and also appoint a forensic expert. There would also be the usual policy and claim validation enquiries to be undertaken. A fire claim can also be complicated because, as happened here, relevant evidence such as invoices can be destroyed in the fire – so it is often the case that there will be natural and reasonable delays in getting settlements paid for items damaged or destroyed in a fire. Looking at the specifics of the loss and the enquiries which took place later on in this claim, I think that usual claim enquiries, like these, if undertaken reasonably by Covea commencing in February 2023, would always have taken several months to resolve.

I can also see that beyond the usual type of enquiries referenced above, Covea did have some significant concerns which prompted a lot of correspondence between the parties. For example, subsequent to the fire, in May 2023, another business was sub-letting the premises from G, Covea was told G had sought out that business from the local community but it was also clear that business had close ties to G. Certain evidence provided by G caused Covea, for a time, to think the sub-letting business had been trading from G's premises from before the fire. I can see Covea asked G questions to try and straighten this out, evidence had to be gathered and that, naturally, caused the need for more questions to be asked. That was a process which was always going to have taken time, even if handled efficiently. And, because the general claim enquires I've described above would always have taken several months, likely into or beyond May 2023, I think G would always have entered into the sub-letting arrangement. So this would always have been an issue which would have delayed the claim.

Having considered everything, I'm not persuaded that this claim, even if handled effectively and in a timely manner by Covea, would ever reasonably have moved to settlement of the

damaged items before the end of 2023. I'm satisfied that whilst Covea caused delays between February 2023 and 17 September 2024, it did not cause the claim to be unreasonably delayed by more than a year. It follows that I'm satisfied that the sum of £1,000 compensation for inconvenience caused to G by Covea's delays, is fair and reasonable. I'm not going to require Covea to pay more.

It is truly unfortunate that G's business has ceased subsequent to the fire and claim. I can understand that G thinks that if Covea had handled things better, it would have been able to resume trading and the business wouldn't have failed. However, having reviewed everything, I'm not persuaded that's most likely the case – it's a possibility, but no more than that.

G has provided a lot of information – to this Service, and to Covea for it to both consider the business situation described above and to assess a business interruption claim G made (for profit lost due to the fire). Covea noted that whilst G was incorporated in 2022, it had only provided accounts to it starting from January 2023. G explained that was because it hadn't really been trading before that. Covea noted that G had, therefore, only been trading for a little over a month at the time of the fire, and the accounts showed it had been trading at a loss. G said that was normal when a business starts trading; there are set up costs and a customer base has to be built. I don't disagree with that. But it's also true that if something unexpected and significant happens to derail a business in its early days of trading, it's often the case that the business cannot recover from that – the chance to build that customer base is lost.

Here, at the time of the fire, G's business was new, it wasn't fully established and it wasn't trading profitably. And I've explained above that the reasonable course of its fire claim would always have taken to around the end of 2023 to progress to settlement for damaged items. I'm not persuaded that G's business would most likely have recovered from that. On balance I'm not persuaded that G's loss of its business occurred because of any failings of Covea in handling the fire claim. As such I'm not going to require Covea to make any payment to G for financial loss.

My final decision

I'm satisfied that £1,000 is fair and reasonable compensation. If it has not done so already, I require Covea Insurance plc to pay this sum to G. I don't require Covea Insurance plc to do or pay anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 2 July 2025.

Fiona Robinson
Ombudsman