

The complaint

Mrs B complains about the decline of a claim she made against a commercial and residential property owner's insurance policy with Covea Insurance Plc ('Covea'). She also complains about renewal terms not being offered following the claim.

What happened

In December 2023, Mrs B made a claim under her insurance policy for electrician costs following reports from her tenants of a burning smell at the property. She also claimed for alternative accommodation costs incurred whilst safety checks took place. Covea declined the claim as they said an insured event as covered by the policy hadn't taken place.

Mrs B registered a complaint. Covea considered the complaint but didn't uphold it. They said the claim decline stood, as checking electrics was a maintenance related expense not covered by her policy. Unhappy, Mrs B referred her complaint to our Service for an independent review. Our Investigator didn't recommend that the complaint be upheld and as the dispute remains, it's been referred to me for an independent review.

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.

The scope of my decision

It's not my role to determine what was causing the smell that started the sequence of events that led to this claim being made. When reaching my decision, I'll be considering if Covea have fairly considered and investigated the claim in line with the policy terms before declining it.

The claim decline

The starting point with any insurance claim is the insured (Mrs B) must be able to demonstrate within reason that an insured event covered by the policy has occurred as described. If the insured can pass this test, the onus then passes to the insurer (Covea) to respond and settle the claim or show that they can fairly rely on a policy term or exclusion to decline the claim or limit their outlay.

In this complaint, Mrs B first registered this claim as accidental damage. When it was pointed out that Mrs B didn't have accidental damage cover, the claim was changed to a fire claim. It was alleged there was a plug socket 'smouldering' that was causing the smell in the property. Mrs B was invited to provide further evidence that a fire had taken place that would satisfy the policy terms.

I've carefully considered copies of messages between Mrs B and her tenants in the lead up to the gas engineer and electrical engineers visiting the property. Her tenants told her there was a "*really bad burning smell*". There was also reference to a "*small gas leak*" on one pipe,

but the messages she's shared say this wasn't linked to the burning smell. A gas engineer visited and their paperwork again refers to a "*strange smell*" and the gas supply being capped at the meter.

A privately arranged third-party electrician attended the property and the messages between Mrs B and one of her tenants state: "*he says it's definitely electrical burning that's made the smell...*". However, this is undermined by the electrician's invoice that refers to inspection of circuits, waiting for another third party to visit and 'reenergising' the property. No reference is made to a fire, or fire damage being identified.

I've also considered the notes related to another third-party electrician that visited the property:

"Our visit details

- Our engineer visited you on Tuesday 19 December 2023*
- They checked your socket circuit*
- Traced and rectified fault on radial socket circuit"*

In summary, Covea have said the above doesn't support that a fire had taken place and I find that to be reasonable. Covea consider the actions carried out are standard maintenance that a responsible landlord may be expected to undertake. I find their position overall to be fair.

After our Investigator's assessment, Mrs B provided new evidence – a report from her utility company. Here are the key extracts (bold added for my emphasis):

- "...we visited your property following a report from the Gas Board regarding a burning smell from the main electrical cables entering the premises..."*
- Upon our arrival, our engineers observed that **there were no apparent issues within the property...** They were unable to isolate all rooms using the fused isolators due to cables running through the cellar ceiling to other flats, which restricted access.*
- As a precaution, **they removed the service fuse** since they **could not determine the source of the problem**. Additionally, one of the other residents mentioned a issue with the boiler, which could potentially be related. Our engineers recommended that the landlord contact an emergency electrician as soon as possible and notify NPG to **replace the fuse once the situation has been resolved**.*
- A job has been created for the replacement of the service fuse and backboard under the reference..."*

We shared the report with Covea and they said it showed the route of the problem couldn't be identified and the power to the property was cut (removing the service fuse) as a precaution, pending further investigations. I find Covea's comments to be fair and I agree the report doesn't show that a fire has occurred. Any reference to a burning smell is in relation to how the tenants reported it to Mrs B and isn't supported by the evidence available to me.

This policy doesn't define what is deemed to be a fire. Mrs B has referred to a dictionary definition of fire. However, there could be several explanations for the smell that was described. For example; chemicals interacting, damp getting into an electrical circuit etc.

Overall, no persuasive supporting evidence or testimony has been provided of a fire having taken place – such as wires/plugs with fire damage.

The non-renewal of the policy

I'm satisfied that Mrs B hasn't been treated unfairly when Covea declined to offer renewal terms, based on the evidence provided.

Summary

I find that Mrs B has been unable to reasonably demonstrate that an insured event (fire) covered by the policy has occurred as described. Mrs B has conceded that there is no evidence such as photos showing a smouldering circuit. The precautionary actions taken by third parties in isolating the gas and electricity supply were sensible based on what the tenants reported, as was Mrs B arranging alternative accommodation for her tenants.

It follows that Covea don't need to respond to the claim to reimburse her for her costs or alternative accommodation costs for her tenants.

My decision will disappoint Mrs B, but it ends our Service's involvement in trying to informally resolve her dispute with Covea.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 26 August 2025.

Daniel O'Shea
Ombudsman