

## The complaint

A company, which I will refer to as “B” complains about Covea Insurance plc’s handling of their buildings insurance claim.

Ms F has brought the complaint on B’s behalf, so I may refer to her where relevant below.

All references to Covea also include its appointed agents.

## What happened

Below is intended to be a summary of what happened and does not therefore include a full timeline or list every point that has been made.

- B had a policy with Covea between October 2019 and October 2020. B had cover with a different insurer between October 2020 and April 2022. Covea again provided cover from May 2022.
- B said several small cracks appeared on the walls inside one of the property’s flats around December 2019. B said some hairline cracking was also visible in the external walls.
- B instructed a surveyor, “D”, to inspect the property. They believed the damage had been caused by leaking drains – and a further CCTV survey identified cracking to the drains. Drain repairs were carried out around January 2020 and B said no further issues presented themselves immediately after.
- In August 2022, B said severe cracking appeared in the same location inside the property and cracking again developed externally.
- B instructed D again. D said the pattern of the cracking suggested subsidence was occurring to the foundations in a corner of the building and further movement had taken place recently, during a spell of unusually warm and dry weather.
- B contacted Covea to make a claim and provided it with D’s report.
- In March 2023, Covea declined the claim. It said it believed the initial damage reported in 2019 was due to clay shrinkage, caused by roots from nearby vegetation, not the drains.
- Covea believes the shrinkage commenced following a dry summer in 2018, which predated its period of coverage. Covea pointed to a term in its policy which excludes damage caused prior to policy inception. It directed B to contact their previous insurers.
- B appointed an engineer (“S”) who provided their report in April 2024.
- S said trees surrounded the building, so it would have expected the damage to be more extensive if it was related to clay shrinkage in 2019.
- S said the damage reported in 2019, and in 2022, was isolated to one corner of the building, in the area where the drainage leak was discovered.
- S said it was reasonable to conclude the drainage leak was the likely cause of the initial damage in 2019. They said the repair of the drains would have removed the source of water from the ground, drying it out as roots drew moisture from the sub

soil. This then allowed root activity to proliferate and extend further and deeper. Therefore, causing the subsidence in 2022.

- Covea provided its final response to B's complaint in August 2024, in which it maintained its decision and reasoning to decline the claim.
- B was dissatisfied with this and so brought the complaint to our service.

### *Our investigator's view*

Our investigator recommended the complaint be upheld. They said they were more persuaded by what S had said, that leaking pipes were the main cause of damage in 2019, and tree roots searched for additional moisture after repairs, causing the subsidence in 2022.

They said B hadn't made a claim in 2019. And the claim brought by B in 2022 was some time after the policy's inception.

They pointed to industry guidance which sets out if a claim is notified more than eight weeks after the start of the policy, and the cause of the damage is ongoing under the new policy term, the current insurer should deal with the ongoing damage. They acknowledged that while this didn't apply here, it was an example of good industry practice and a fair and reasonable way to treat B in the circumstances.

They said Covea should reconsider B's claim for subsidence without applying the exclusion for pre-inception damage, in line with the remaining policy terms and conditions.

Covea didn't agree with our investigator. It said the industry guidance pointed to by our investigator wasn't relevant here as it was intended to apply to non-commercial policies. Covea provided a further report from its own expert. Its opinion was the extent of damage to the pipe wouldn't have caused enough water to escape to soften the ground.

It said the damage was due to root exacerbated clay shrinkage which arose from a hot dry summer in 2018. It said every episode of damage that presented itself since had occurred prior to summer 2019.

### **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.

Having done so, I agree with the conclusions reached by the investigator for these reasons:

- Having considered everything available, I find what S has said to be more persuasive. The damage identified in 2019 was adjacent to the pipes, and despite trees being noted to be located around the property, no other subsidence issues have presented themselves elsewhere.
- I've considered what Covea's expert said about the amount of water required to soak the ground, but there are no data or investigations that support the level of saturation to the ground was not sufficient to cause the damage reported in 2019. There also is no clear evidence to persuade me that root exacerbated shrinkage had been occurring following summer 2018.
- The drains were repaired in early 2020 and no further issues were reported until over two years later, which followed a hot dry summer in 2021. So, what S has said about

the roots being able to proliferate and search for moisture is plausible and persuasive.

- Had the issues been occurring continuously since 2018, as Covea have said, I'd have reasonably expected subsidence damage to have presented itself earlier, in 2019 and 2022. Additionally, if the damage was due to roots, and had been ongoing since 2018, I consider the damage would have likely been more extensive.
- There was no notification of the loss in 2019 or 2020, B dealt with this independently. So, when a claim was made in October 2022, around five months after Covea inceptioned the policy, this was the first notification of a loss.
- For the reasons I've set out above, I'm satisfied this was a new incident, and not a continuation of a previous issue or one that predated inception of Covea's coverage. While Covea is technically not held to the industry guidance referenced by our investigator, it is my role to consider good industry practice and to reach a fair and reasonable outcome. During both incidents in 2019 and 2022, B was on cover with Covea. So, I think it presents a fair outcome for B that Covea consider the claim under the remaining terms of the policy. And for the reasons set out above, I'm not persuaded it is fair for it rely on the pre inception exclusion to decline cover.

So, for these reasons, I uphold this complaint.

### **Putting things right**

To put things right Covea should reconsider the claim in line with the remaining terms of the policy.

### **My final decision**

My final decision is that I uphold B's complaint.

To put things right I direct Covea Insurance plc to do as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 31 March 2026.

Michael Baronti  
**Ombudsman**