

The complaint

Ms K is a sole trader, trading as H. She complains about what Covea Insurance plc did after she made a claim on her business protection insurance policy.

What happened

In January 2023 Ms K contacted Covea as she wanted her policy to assist with a claim made against her by a third party (following a treatment she provided in July 2022). Covea said it was a condition precedent of the policy that it was advised of a claim or possible claim as soon as reasonably possible. But it was only told about this claim on 25 January which was after proceedings had been issued and only a few days before a hearing was scheduled. It said it wouldn't be providing cover for it.

Our investigator said the third party was clearly unhappy with the treatment in July 2022 as she told Ms K she'd had an allergic reaction to it. Ms K mentioned speaking to her insurers but Covea wasn't then contacted until a date was set for a court hearing. She thought there had been a breach of the policy condition. And she was satisfied that adversely affected Covea's position. It had lost the opportunity to carry out its own investigations and resolve the claim at an earlier stage. She thought it was fair of Covea to decline cover.

Ms K didn't agree. She said there was no claim or possible claim in July 2022 and the customer's dissatisfaction at that point didn't relate to an alleged injury. After responding to those messages no further response was received and there was no indication the customer would pursue legal action. When she did report the January 2023 claim Covea didn't take any action to investigate. If it had done it could have settled the claim at that time without further legal costs (and avoided prejudice to it). And there was no reason for her to contact it again about further developments in the case.

So I need to reach 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.

The relevant rules and industry guidelines say Covea has a responsibility to handle claims promptly and fairly. It shouldn't reject a claim unreasonably. Ms K's policy includes public liability cover. But it's a general claims condition (and a condition precedent to cover being provided) that "*in the event of a claim or possible claim... you must advise Us as soon as reasonably possible*". It goes on to say "*You must inform Us immediately of any claim being made*". Taking into account relevant case law, I think it's reasonable to say that for a claim to be notified there should be a real rather than a fanciful risk of a claim being made on the policy. And that a reasonable insured would have understood there was a real risk of such a claim being made taking into account their knowledge of what happened.

I've reviewed the messages between Ms K and the claimant after the incident took place in July 2022. I appreciate the focus of the claimant's concerns was on receiving a partial refund for the treatment carried out. But she does say it caused an allergic reaction and Ms K advised her to obtain medical evidence in support of that. She also said if she did so she would "*forward to the insurance company*". So Ms K clearly had in mind that this is something Covea might need to be told about.

However, not every interaction with an unhappy customer is something an insurer needs to be told about. And I think it's arguable whether the discussions in this case should reasonably have made Ms K think there might be a claim against her. But I don't think that's key to the outcome here. That's because Ms K in any case received notification of a money claim against her from the claimant via HM Courts and Tribunals Service in August 2022. She responded to that but didn't tell Covea about it.

So regardless of whether Ms K should have notified Covea of a possible claim in July 2022 I think she should have done so following that August 2022 notification. But she didn't do so until 25 January 2023 (which was itself two weeks after Ms K had been given notice of a preliminary court hearing). I think it was reasonable of Covea to conclude the policy terms hadn't been met in this case.

The policy says the notification requirement is a condition precedent to the insurer's liability to provide cover. That means the legal position is Covea doesn't need to show how non-compliance with the condition has adversely affected (prejudiced) its position to turn down the claim. But that isn't the only issue I need to consider. I understand the legal position as it applies to a condition precedent. However, our remit is wider than that and requires me to also take into account what's fair and reasonable in all the circumstances. I think the question of whether Covea has been caused prejudice by late notification is relevant when considering what's fair and reasonable.

Covea has explained what the impact of the late notification has been. And I think it's fair to say it did lose out on the opportunity to carry out earlier investigations into the circumstances of what happened. It also had no control over the response Ms K provided to the money claim against her. In fact it only found out about the claim three working days before a preliminary hearing was due to take place. By then formal legal proceedings had been initiated and Covea had no opportunity to try and resolve matters prior to that taking place.

Covea didn't then take further action to investigate matters but that was because it was already satisfied this claim wasn't one which Ms K's policy would cover. I understand why, given that, Ms K didn't contact Covea again about the claim but I don't think that's the key issue here. For the reasons I've explained it was reasonable of Covea to conclude the notification condition of the policy hadn't been complied with. And it's done enough to show its position was prejudiced by that. I think it acted fairly in turning down the claim. Given that I don't think there was further action it should have taken once it was told about it

My final decision

I've decided not to uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K on behalf of H to accept or reject my decision before 9 April 2026.

James Park
Ombudsman