

The complaint

Mr T is unhappy that Covea Insurance plc (“Covea”) didn’t cover all his costs for alternative accommodation (AA) following a claim under his home insurance policy.

What happened

Mr T’s home was significantly damaged by a car that collided with his home.

When Covea accepted Mr T’s claim he resided in temporary AA whilst the repairs to his home were being carried out.

Covea settled the costs of AA up to the limit specified in the buildings section of the policy. Mr T thought this was unreasonable as he had to pay the balance of AA costs. He said the contents section of his policy covered £7,000 of further AA costs, so he thought Covea should use this to cover some of his remaining AA costs.

Covea explained this wasn’t how the policy worked. It said *“on this occasion we do not see the need for alternative accommodation to be used within your contents section. The damaged contents do not make the property uninhabitable”*.

Our investigator decided not to uphold the complaint. He thought Covea had applied the terms of the policy correctly and had paid the right level of contribution towards Mr T’s AA costs. He also thought £200 compensation was fair for the delay in Covea providing Mr T payment. Mr T disagreed, so the case has been referred to an ombudsman.

My provisional decision

I made a provisional decision on this on 3 February 2026. I said:

Mr T was happy with Covea’s decision to pay the full limit of the buildings section of the policy, when contributing to his AA costs. So, I’ve not felt the need to consider this aspect of the settlement. I’ve only considered whether Covea should’ve provided further contributions under Mr T’s contents cover.

The policy states *“during the period your home is made uninhabitable following loss or damage to the contents by any cause insured under this section, your insurer will pay for the cost of comparable alternative accommodation for you. The insurer will pay up to the figure shown in your Schedule of Insurance for contents alternative accommodation”*.

From the notes of the claim, I can see Covea and its loss adjuster were in contact specifically in relation to whether the contents section of the policy should be used to allow further contribution towards Mr T’s AA costs.

A snippet of the notes indicates an evaluation was carried out. The notes state *“there is damage to a washing machine and dishwasher, these would not make the property uninhabitable. There is also some dust on the sofa that will require to be cleaned but again this would not make the property uninhabitable. As such [this] section of cover as follows would not apply” (the policy terms were then stated, as above).*

For the contents section of the cover to kick in regarding the AA cover, I would expect to see concrete evidence that there is significant damage to the contents of the property that would make the property uninhabitable.

The policy defines contents as *“Household goods including carpets, personal belongings and business equipment owned by you or for which you are legally responsible in your home including: i) money; ii) tenants permanent fixtures and fittings”*.

Apart from the policy definition above, it's unclear what scenarios exactly this part of the policy is envisaged to cover. Potentially, I can see a scenario where a sewage leak has rendered a property uninhabitable, but like Mr T's claim it's difficult to determine whether the AA part of the claim would be covered under the buildings section of the policy or the contents, or both.

Mr T has provided photos of the damage of the internal of his property. Covea have confirmed the washing machine and dishwasher were damaged in the incident. The damage to the property was catastrophic. The photos show a thick layer of dust covering everything inside the property. Covea have said this wouldn't make the property uninhabitable. However, putting the buildings damage to one side, I think it would've taken more than a couple of hours to clean all the contents that are covered in dust – so I think this would cause some short-term restriction on been able to live in the property. It wouldn't be healthy to live in such dirty conditions.

I can't see the carpets in one picture, for all the debris. I think it's likely the carpets would've needed replacing. The kitchen had damaged white goods / contents, and these weren't in their fixed positions but randomly located in the middle of the kitchen floor. So, I don't see how it would've been possible to cook and wash in this cluttered and dirty room. The gas hob and extractor fan would need testing before they could be used.

I think it's likely there is other damage that can't be seen in the photographs, but this further builds the case that there is severe damage to contents. I can also see when Mr T moved into AA there was a £2,000 payment made by Covea for *“emergency contents”*. I think this demonstrates that a significant amount of Mr T's contents was unusable.

Therefore, if the AA section of the contents isn't applicable for this scenario, then I'm not sure whether it ever would be and I struggle to see why it would be included in the policy, which leads me to think it's possibly an unreasonable term as it suggests there is cover when there isn't.

My view is that both the buildings and damaged contents in this scenario would make the property uninhabitable. Therefore, I intend to uphold this complaint. I intend that Covea settle Mr T's contents claim for AA and further contribute to his AA costs. Mr T has suggested this amount is £7,000. However, I have checked Mr T's schedule and Covea's limit of liability as set out in the schedule for Contents – AA is £3,000. So, I intend that Covea pay Mr T £3,000. As he has been without this money, I intend that Covea add 8% simple interest per annum (from the time Covea made its last payment to for AA to the time Covea make this payment). I think Mr T would've been distress and worried in not receiving this settlement, so I intend that Covea pay an additional £250 in compensation.

I can see Mr T had two final responses from Covea (on 31 October 2024 and 28 January 2025). Mr T didn't escalate any further issues that were raised in these complaints. However, Covea confirmed it was happy for our service to consider all these issues. For completeness, I have reviewed these points and based on the evidence I have, I haven't seen anything else where I think Covea needs to do anymore.

Responses to my provisional decision

Mr T accepted my provisional decision and he didn't have any new information to provide.

Covea didn't respond to my provisional 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.

As neither party has provided any new information, I see no reason to change my provisional decision.

My final decision

My final decision is that I uphold this complaint. I require Covea Insurance plc to:

- Pay Mr T £3,000 for settlement of AA under the contents section of the policy, plus 8% simple interest per annum
- Pay £250 compensation – for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 23 March 2026.

Pete Averill
Ombudsman