

## **complaint**

Mr M is unhappy with the settlement of his claim for escape of water under his Landlord's insurance policy, by Covea Insurance plc.

## **background**

Mr M made a claim to Covea for damage caused by an escape of water at one of the properties he lets out. Covea made a cash settlement but assessed the property as only being insured for 65% of its value. It applied an 'averaging' clause in the policy. This meant it reduced the settlement for the building to reflect the amount it was underinsured for.

Mr M then said he wasn't informed about the averaging clause and wasn't made aware of the BCIS calculator until after the claim. He also says that the policy documents don't mention that the rebuild value for the property should include the cost of demolition, present day valuation or VAT. He also disputes the value Covea has placed on the property as he feels this is too high.

On referral to this service, our adjudicator didn't think the complaint should be upheld. She pointed out that the policy documents gave adequate warning that the sum insured should be enough to meet the rebuilding cost of the property. She also thought that Covea's valuation appeared to be reasonable.

Mr M asked for an ombudsman's decision. In particular he pointed out that he had had a valuation done which came out at a lot less than Covea's.

## **my findings**

I've considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I have first of all looked at whether Mr M was given enough information about adequately insuring the property. I note that he has a portfolio of a number of properties. He may not be experienced at insurance or valuation matters. But I do take account of the fact that as he has a business letting out properties, he should know about insuring them adequately. He had the properties insured through a broker but had not sought to change the values for a number of years.

I have looked at the renewal documents. These highlight the importance of keeping the properties adequately insured. The averaging clause is also referred to. I do think Mr M should have read his renewal documents each year and, if necessary made the enquiries about valuing the properties adequately. Most properties don't require a detailed valuation by a surveyor. The rebuilding cost is usually less than the market value of the property. And Mr M didn't change this from the time he bought the property in question, some years earlier.

Mr M has obtained a valuation of the property which is higher than the amount insured for but a good deal less than Covea's valuation. But I note that Mr M's valuer didn't take into account the value of an extension to the property. Covea did have the valuation rechecked and I think it was reasonable for it to rely on it.

So overall I don't think that Covea acted unfairly in reducing the amount of the claim because Mr M's property was underinsured.

**my final decision**

I don't uphold the complaint and make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 16 November 2015.

Ray Lawley  
**ombudsman**