

## **The complaint**

Mr A has complained about the way a claim was handled which he made under a buildings insurance policy he holds jointly with Mrs K. The insurer of the policy is QIC Europe Ltd.

All references in my decision to the insurer QIC includes its agents.

## **What happened**

Mr A made a claim for an escape of water which his insurer, QIC accepted. QIC arranged for a contractor to carry out repairs to Mr A and Mrs K's home in February 2020.

Mr A said a water softener connection hadn't been properly reconnected causing further leaks and the contractors had caused scratch damage to their fridge and a kitchen unit. He was unhappy the contractors didn't finish the works.

Since contacting us, Mr A says his complaint about the water softener connection has been resolved and so it doesn't form part of my decision.

QIC said it would make a settlement payment to Mr A for £497.87, reduced from £767.29 in relation to damage to a kitchen unit and incomplete works. QIC said it wouldn't cover the costs for the plumbing work. But it said the damage to the fridge was pre-existing.

Mr A was unhappy with QIC's response and so he asked us to look at his complaint. Our investigator explained that Mr A's policy doesn't provide cover for damage, so she thought QIC's cash settlement offer for repairs to the kitchen unit was reasonable.

The investigator asked QIC to provide proof of the date photos of the fridge were taken by the contractor to show the damage was pre-existing. Mr A provided a photo he'd taken on the day he noticed the damage and he'd sent the photo by email to the contractor the following morning in February 2020.

QIC said it could only evidence the date the contractor sent the photo to them, which was in December 2020. So in the absence of proof from the contractor that it had evidenced the damage to the fridge as pre-existing, the investigator upheld this complaint. In August 2021 she recommended QIC arrange for an appropriate remedy.

QIC said it would provide an update from its contractor, but no new information was received. Mr A didn't reply to the investigator's view.

I issued a provisional decision on 13 December 2021. I couldn't see how QIC had arrived at the cash settlement offered and whether it had been paid to Mr A. So I thought QIC should pay a cash settlement for the unfinished repairs and damaged kitchen unit to Mr A for £535.37 (£767.29 – 231.92). If a cash settlement has already been paid, it should pay the difference between that and the sum of £535.37.

I thought Mr A had reasonably shown that his fridge had more likely than not been damaged by the contractors. So I thought QIC should pay the costs to replace Mr A's fridge. I found that the service Mr A had received was poor and there were unreasonable delays. For this I thought QIC should pay Mr A £250 compensation.

QIC said the damage to the fridge was cosmetic and so it offered a settlement sum instead which Mr A agreed to of £700. QIC says a cash settlement of £497.87 allowing for deduction of the plumbing works and the charge for overhead and profits was offered to Mr A but he rejected it.

As both parties have replied to my provisional decision, the case has been passed back to me for 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.

Mr A reported a leak in their kitchen to QIC in September 2019. A plumber fixed the leak and QIC accepted the claim. QIC's notes show that the plumber reported the leak was coming from the flexible feed to the tap, which had been replaced and a 45 degree plastic waste bend under the sink. There was damage to the kitchen which required the removal of the fridge freezer and an integrated dishwasher.

Mr A has provided a copy of email exchanges between him, the contractors and QIC. This shows that Mr A reported damage to the fridge freezer the morning after he identified it. He provided a photo and provided details of the make and model of the fridge to the contractor – as he says the contractor had accepted responsibility for the damage and asked for this information.

Mr A is unhappy the contractor changed their mind and said it was pre-existing damage. He's unhappy that QIC accepted the contractor's word over the evidence he provided. The email exchange shows Mr A's photo of the damage was taken when he contacted the contractor to report it in February 2020.

I can see Mr A chased for an update in March, April, twice in May, and July 2020. In July 2020 Mr A said it had been a month since a contractor inspected his home for the damage he said was caused during repairs, but hadn't received any update.

Mr A chased for updates again in September, three times in October 2020 and twice in November 2020.

I cannot tell from the claim notes provided by QIC or their final response of the final settlement it either offered or paid Mr A. In December 2020 QIC's notes read:

*"It seems we have a cash offer for the remaining works and an image of the scratch for the fridge - this needs sending over.*

*Cash settlement offer would be:*

*£767.29 minus the following:*

*£21.80 for hardboard protection/covering*

*£36.91 debris removal*

*£37.50 overhead profits*

*£231.92 as this is for a plumber to disconnect and reconnect water softener*

*totals = £439.16"*

In December 2020 Mr A disputed the settlement and it seems QIC contacted the contractor to question the date they took their photo of the fridge evidencing the damage as existing before they started works. As at May 2021 there was no update on QIC's file.

In April 2021 QIC responded to Mr A's complaint. It said that following an inspection in May 2020, the contractors were to supply and fit a new kitchen base unit. QIC didn't accept the damage to the fridge freezer had been caused by the contractors. It said a photo was available which was taken before works began.

QIC's policy provides cover for insurable perils such as – in this case - an escape of water. Like many standard insurance policies, exclusions apply. In its final response, QIC said the policy says it won't provide cover for the following:

*“the replacement of parts that suffer damage or the gradual process of wear and tear over time (such as dripping taps, washers or discs forming part of a tank, pipe or tap)”*

So QIC said it wouldn't accept responsibility for the damage caused by the water softener connecting pipe. And as Mr A says this part of his complaint has been resolved, I haven't made a finding here – other than to say I think it's reasonable for QIC to deduct plumbing works for the water softener connecting pipe(s) from the settlement offer.

In May 2021 Mr A wrote the following:

*“The builders from insurance company left the work unfinished and caused damage to Kitchen unit and fridge. 1. The insurance company initially offered to pay close to £760 for damage to kitchen unit and unfinished work. They later revised it to £497.87 because they wouldn't pay for plumbing work which is part of the job. 2. They have not offered anything for the fridge and it's still pending. I've called numerous times and I've not been offered any money/advise relating to fixing that. 3. The builders left the water softener connection leaking. After a lot of back and forth, when insurance company didn't agree, I had to get it fixed myself. I would like my work to be completed and damaged items repaired.”*

In my provisional decision I said I was unable to see what the final cash settlement offer was to Mr A, how it was decided, or if anything was paid to him. In response, QIC says Mr A rejected its offer to pay £497.87 as it deducted plumbing works and its charge for overheads and profit.

I'm not satisfied that QIC has provided a reasonable explanation of how it arrived at the breakdown it gave and the deductions it made from the original sum of £767.29, other than for the plumbing works. So in line with my provisional decision, I think QIC should settle Mr A's cash settlement claim in line with the original sum of £767.29 minus plumbing works of £231.92 to finish repairs to the kitchen unit.

I can see that QIC asked the contractor to provide evidence of the date they took photos of the fridge freezer to show the damage Mr A identified existed before they began their works. But no evidence has been provided. And so I think Mr A's evidence is more persuasive and it's more likely than not that the damage was caused by the contractors during repairs.

In my provisional decision I thought QIC should cover the costs to replace Mr A's damaged fridge freezer. In response, QIC offered to pay a cash settlement as the damage to the fridge was superficial and it was still in working order. Mr A said he would accept a settlement of £700 for the damaged fridge, which QIC agreed.

I think the service Mr A received while trying to resolve his concerns about the damage to his home during repairs was poor and the delay was unreasonable. It's clear that Mr A had to chase for updates on his claim for almost a year. For this I think QIC should pay Mr A compensation of £250. QIC and Mr A accept this.

### **My final decision**

For the reasons I've given above, my final decision is that I uphold this complaint. I require QIC Europe Ltd to do the following:

- Pay a cash settlement for the unfinished repairs and damaged kitchen unit to Mr A for £535.37 (£767.29 – 231.92). If a cash settlement has already been paid, it should pay the difference between that and the sum of £535.37.
- Pay Mr A £700 as a cash settlement for the damage to the fridge freezer.
- Pay £250 compensation for the distress and inconvenience caused by the delay and poor service.

QIC must pay the compensation within 28 days of the date on which we tell it Mr A and Mrs K accept my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

If QIC Europe Ltd considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr A and Mrs K how much it's taken off. It should also give Mr A and Mrs K a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Mrs K to accept or reject my decision before 15 March 2022.

Geraldine Newbold  
**Ombudsman**