

The complaint

Mrs M and Mr M complain about the way QIC Europe Ltd handled a flood claim against their buildings insurance policy.

What happened

The background to the complaint is known to all parties so I won't repeat it in detail here. In my decision I'll mainly focus on giving the reasons for reaching the outcome I have.

In summary, Mrs M and Mr M reported a flood claim to QIC in 2019 after significant damage was caused to their home and contents. QIC cash settled the buildings aspect of the claim after Mrs M and Mr M raised several issues. A dispute, however, remains regarding the cash settlement provided by QIC for the contents aspect of the claim.

Mrs M and Mr M say £45,351.44 remains outstanding as part of the contents claim. They say QIC's loss adjuster failed to attend their home and complete an inventory of their contents. And QIC removed and disposed of several items without their consent. They also say the claim was handled poorly.

QIC say they settled the claim reasonably and, although things could have been handled better, Mrs M and Mr M held a large amount of contents items which caused challenges, and they have been unable to validate certain items. They also say any items stored in the outbuildings are subject to a £1,000 policy limit for any one loss, which they paid.

QIC also say they covered the costs Mrs M and Mr M incurred for hiring a caravan and aren't liable for the costs of making good any damage it caused to their garden. As Mrs M and Mr M remained unhappy, they approached our service.

I issued my provisional decision on 7 June 2022, which set out the following:

'What I've provisionally decided – and why

There's a great deal of correspondence on this complaint and several issues have been raised. I will, however, focus on the issues which are – in my opinion – relevant to reaching a fair outcome to this complaint. This isn't meant as a discourtesy, it simply reflects the informal nature of our service.

Several of the items Mrs M and Mr M say weren't included as part of the claim settlement were stored in their attached garage. As such, my starting point is the policy terms, which say:

'Definitions

Home

*The main building which **you** live in, garages which are part of or attached to the main building, and **outbuildings** all within the boundaries of the address shown on **your schedule**.*

Outbuildings

*Detached garages, sheds, greenhouses, summer houses and other permanent structures set apart from the main building which **you** live in and which are used for domestic or business administration purposes.'*

These go on to say the policy limit for items in the outbuildings is £1,000, which QIC paid to Mrs M and Mr M.

There's a clear distinction between the definition of the home and outbuildings. The policy in my view makes clear a garage attached to the property forms part of the definition of the home. This section of the policy doesn't have a £1,000 policy limit, whereas the outbuildings section does.

Mrs M and Mr M say several of the remaining items were stored in their attached garage when the flood occurred. And these items were removed and disposed of by QIC without their consent. I'll return to this aspect shortly. I've seen photos of Mrs M and Mr M's home which show the garage was attached to the main building. As above, this wouldn't be considered as the outbuildings under the policy, so I don't think the £1,000 policy limit QIC relied on to limit their liability was fair.

Returning to the disposal of the items and whether Mrs M gave consent for this to happen. All parties agree Mrs M and Mr M owned many items. QIC says it's over and above the average based on the size of the home and caused challenges. QIC also say Mrs M gave verbal consent for the items to be disposed, but nothing was confirmed in writing at the time.

Mr M says he's a wheelchair user and stored most of his contents downstairs and in the attached garage. I find it less likely, given the value of some of the items, that Mrs M simply agreed QIC should remove and dispose of all items. A factor I must also consider is the lack of appropriate claim handling. In my view, the crux of why the matter is still running is due to QIC failing to complete an inventory. Had this step been taken, I'm satisfied the claim would have been resolved much sooner. Mrs M and Mr M also say payments received weren't explained or itemised, which only caused further confusion.

As a result, Mrs M and Mr M say the list of contents they think are outstanding was partly a guess as to what they thought remained unpaid. I want to be clear and manage Mrs M and Mr M's expectations that my decision won't be directing QIC to cover the entire amount they're claiming. I say this because I don't think every item they listed has been missed. I'll return to this aspect later.

All parties have seen the contents list put together by Mrs M and Mr M, so I won't include it here. Rather, I'll set out what I think must happen now to reach a fair and reasonable outcome to this complaint.

I intend on directing QIC to create a new list for items that were included as part of the settlement. They must quantify what payment the items were included within, and when this was paid. This will assist in establishing what items remain unpaid.

For items within Mrs M and Mr M's attached garage, QIC should not apply the £1,000 policy limit for outbuildings. Mrs M and Mr M's list provides the items they think remain outstanding, and they've also provided where they were kept. Mrs M and Mr M have provided their testimony on where these items were stored which I find most persuasive currently – I've no reason to doubt their testimony nor seen any evidence so far that undermines it. I say this in the absence of any inventory completed by QIC at the time items were said to have been removed or disposed of.

Once the list has been created and items have been quantified, QIC must then cash settle the remaining items Mrs M and Mr M are claiming for, up to the contents policy limit.

As above, I won't be directing QIC to cover the full amount Mrs M and Mr M are claiming for, as I don't think every item listed has been missed or should be paid. I'll explain why and use sub-headings for ease of reading.

Caravan costs and the damage caused by it

Mrs M and Mr M claimed for the costs of hiring a caravan. They say QIC paid this but later retracted this offer and removed it from the cash settlement amount. But I haven't seen strong supporting evidence that shows this payment was made and later retracted.

The payment for the caravan formed part of the alternative accommodation payment Mrs M and Mr M received, along with their costs incurred whilst staying in a hotel. This means QIC's liability was limited to covering the costs of hiring the caravan only. I wouldn't expect an insurer to cover any damage caused by a third-party company when delivering the caravan to Mrs M and Mr M.

I've seen they had difficulty contacting the third-party company after the caravan was delivered, but any damage caused by a third-party would not be the responsibility of the insurer to put right in these circumstances.

Furniture including the loan

Mrs M and Mr M say QIC should pay them an additional £19,334.66 for furniture damaged by the flood, including the loan they took out to replace it.

The furniture items Mrs M and Mr M provided us with are included within the contents list used by QIC to settle the claim. The amount shown within QIC's list is £15,842.28. It's not clear how Mrs M and Mr M have quantified that a further amount is due to them. I appreciate Mr M says his list was a guess of what he thought hadn't been included. However, within a document he provided to us, he quantified the costs to replace the damaged furniture would be £14,910.66. So, it appears the damaged furniture has been paid already. For the sake of clarity, however, QIC must include these items within their new list of items that have been paid and show what payments to Mrs M and Mr M this amount was included within.

Summary and compensation

This is a complex claim involving significant flood damage, and I accept things didn't always run as smoothly as all parties would like. That said, had things been handled much better by QIC – such as completing a contents inventory – the matter would have been handled far smoother than it was.

Mrs M and Mr M have explained their health circumstances and I've no doubt the way things were handled caused them a level of distress and inconvenience – over and above what's naturally expected following a flood claim. The claim has taken up much of their time which I think could have been avoided.

Whilst monetary amounts cannot always reflect the level of distress and inconvenience experienced, I hope Mrs M and Mr M understand I've given careful thought to the complaint, and the impact the claim handling had on them. To recognise this, I currently intend on directing QIC to pay Mrs M and Mr M £350 compensation.

I'm aware aspects of my intended decision will disappoint all parties. But my intended

direction will provide, in my view, a faire and reasonable outcome to this complaint for all parties.

My provisional decision

My provisional decision is I uphold the complaint. I intend on directing QIC Europe Ltd to do the following:

- Create a new list of contents items that have already been paid. QIC must quantify each payment and demonstrate what items have already been covered as part of the claim;*
- Cash settle the remaining contents items outstanding up to the contents policy limit; and*
- Pay Mrs M and Mr M £350 compensation for any distress and inconvenience caused.'*

Responses to my provisional decision

QIC didn't respond to my provisional decision within the timescales I set out or to the further response requests our service sent. I can therefore only assume they have nothing further they wish to add ahead of my final decision.

Mrs M and Mr M responded to my provisional decision and made the following observations which I've summarised below:

- Although the buildings aspect of the claim was finally cash settled, the kitchen and bathroom floors not being tiled still needs addressing, as the current flooring is lifting and bubbling where it got wet and has gaps. They also say the original fan oven they had was replaced with a standard oven which isn't fit for purpose.
- Their latest list of contents was based on attempting to balance the items they weren't sure had been paid given QIC didn't quantify the items when paying them lump sums. I said this was a guess and Mr M has clarified the items existed and the amount claimed for is correct which I understand fully.
- They are unsure why the contents amount they're claiming for won't be covered in full. Their latest contents list includes items they believe have been covered, and what remains outstanding. And there are several items they haven't claimed for as they were unable to validate these given QIC removed and disposed on them.
- They weren't expecting a compensation award and say this claim has taken up much of their time, both physically and mentally.

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.

I wanted to start by saying I'm grateful to Mrs M and Mr M for providing us with a detailed response to my provisional decision. I haven't included each point they raised and have only summarised what I think are key points.

I set out from the outset my role is to reach a resolution to this longstanding, complex claim – that is fair and reasonable for all parties. I also set out I appreciated aspects of my decision will come to disappoint both them and QIC.

Having reviewed the matter again, including the further submission provided by Mrs M and Mr M, I remain of the view this complaint should be upheld – for the same reasons I set out within my provisional decision.

My reasons remain that had QIC completed an inventory, this claim would have been much further along and most likely resolved by now. I also think confusion has been caused by the way in which payments that followed in lump sums made it very difficult to quantify what has been paid for – and what remains. So, my intended decision wasn't as straightforward as directing QIC to pay the sum Mrs M and Mr M are claiming for without this validation process, as – without understanding what has already been paid, I'm unable to direct QIC to pay for items that *may* have already been paid for.

But the fact that remains here is QIC haven't indemnified Mrs M and Mr M with a fair settlement of their contents claim which they must now do.

Because of QIC's error in not completing an inventory or any information around what items were paid for and when, I provisionally decided that QIC should create a new list of contents items that have already been paid. That way, QIC would need to quantify each payment and demonstrate what items have already been covered. Above all else, it will give Mrs M and Mr M peace of mind that items they claimed for haven't been missed. It also means the remaining items Mrs M and Mr M are claiming for, but haven't been paid, cannot be disputed. Mrs M and Mr M say the outstanding items they've listed are genuine and have been quantified appropriately, which I don't doubt, having set that out within my provisional decision previously.

Once this is done, QIC must then cash settle the outstanding items that haven't been included within previous settlement amounts paid to Mrs M and Mr M. This should be cash settled to the policy limits for contents, and QIC shouldn't rely on the £1,000 outbuildings policy limit for items stored in the attached garage. I'm satisfied, having reviewed all the information available to me, this is the fairest and most appropriate way to settle the outstanding contents dispute.

Mrs M and Mr M also told us of issues they've faced with the flooring in the kitchen and bathrooms, and the fan oven that was replaced. Given the length of time this claim has been ongoing and that QIC must now take necessary steps to validate the contents aspect of the claim and settle it, I think it's fair to include these issues within that.

Finally, I've kept in mind the way things were handled by QIC and the overall impact this has had, and will continue to have, on Mrs M and Mr M. There's no doubt in my mind things should have been handled much better – which I set out within my provisional decision. I remain of the view £350 compensation to recognise any distress and inconvenience caused to Mrs M and Mr M is fair, reasonable, and proportionate, based on the circumstances of this complaint. So, I'll be directing QIC to pay this amount to them.

Putting things right

QIC must now create a new list of contents items that have been paid, and cash settle the remaining items that haven't been paid. They must also pay Mrs M and Mr M £350 compensation for the reasons I've mentioned above.

My final decision

My final decision is I uphold the complaint. I now require QIC Europe Ltd to do the following:

- Create a new list of contents items that have already been paid. QIC must quantify each payment and demonstrate what items have already been covered as part of the claim;
- Cash settle the remaining contents items outstanding up to the contents policy limit; and
- Pay Mrs M and Mr M £350 compensation for any distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 10 August 2022.

Liam Hickey
Ombudsman