

## **The complaint**

Miss W complains about QIC Europe Ltd's decision to decline a claim made under her home insurance policy.

## **What happened**

Miss W has a home insurance policy underwritten by QIC which covers her property and its contents. She first bought the policy in July 2021.

In November 2021, Miss W made a claim after she noticed cracks in the walls of her property. She suspected the cause was subsidence.

QIC sent a surveyor to inspect the property. Their report said the cracks weren't caused by subsidence but by faulty workmanship and/or design.

In essence, there were no lintels above the windows. And when the windows were replaced, lintels should have been put in place above them. Because they weren't, the wall had moved and cracked.

On that basis, QIC declined the claim. Damage caused by poor workmanship and/or design is specifically excluded from cover under the terms of the policy.

Miss W commissioned her own independent surveyor to inspect the property. Their report said the damage isn't due to faulty design or workmanship - and *is* caused by subsidence.

Miss W complained to QIC about their decision to decline her claim. They said their decision had been correct. And they pointed out the exclusions in the policy for damage caused by poor workmanship or design and for pre-existing damage.

They said Miss W had first reported damage to her house in 2019, before she took out the policy with them. Miss W told them she'd reported internal cracks in 2019, but the cracks reported in November 2021 were external.

Miss W wasn't happy with QIC's response, so she brought her complaint to us. Our investigator looked into it and thought QIC hadn't acted fairly and reasonably in their handling of the claim.

She said that, in light of the disagreement between the two surveyors, QIC should pay for a third inspection, to be carried out by an independent surveyor. And if that surveyor decided that the damage was caused by subsidence, QIC should carry out any necessary repairs as soon as possible.

QIC disagreed. They said that, in response to our investigator's view, they'd already commissioned a desktop review by a qualified independent surveyor and he'd agreed that the damage wasn't caused by subsidence.

And they asked that the third surveyor's comments be considered – and a final decision issued - by an ombudsman.

## **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.

In this case, there was a dispute between two experts – one commissioned by Miss W and one who works for QIC.

In cases like this, where both experts' views are set out reasonably cogently and in some detail, we take the view that it's often fair for a third, independent expert opinion to be commissioned.

In those circumstances, to ensure fairness to all parties and the demonstrable independence of the third expert, we think it's usually appropriate for the insurer to nominate at least three surveyors who operate in the area and then to allow the policyholder to choose one of those to carry out the inspection.

We also think it's usually fair for that third expert to see the previous reports – and/or to hear the arguments from both sides in support of their conclusions. And we'd expect to see a written report from the third expert, setting out their opinion in some detail and explaining why they felt the previous expert opinions were right or wrong.

I agree with our investigator that the appropriate course here was for a third opinion to be sought. And whilst I can see that QIC have – in response to the investigator's view – gone out to get an additional expert's opinion, I'm not convinced they've done so in a way that ensures fairness to all parties.

In short, QIC chose the expert. When we asked them, they confirmed he doesn't work for them. But they've also said they know of him because he'd carried out work for or with them before. So, I don't think we can be sure that the third expert is demonstrably independent.

QIC also asked the expert to carry out a desktop review. There are photographs of the damage to Miss W's home, which might well allow for a comprehensive and detailed opinion to be formed. But I think that should have been a decision for the independent expert. In essence, they should determine whether it's necessary to visit the site in person to inspect the damage.

I'm also concerned that QIC have clearly discussed the case with the expert they appointed, but he may not have had the chance to consider the previous expert reports. And he certainly didn't have the opportunity to discuss the case with Miss W or her expert.

Taking all of that into account, I don't think QIC have obtained their third expert opinion in a way that's entirely fair to Miss W. And I agree with our investigator's view that they should now commission a third expert opinion in line with the considerations set out above.

## **Putting things right**

To be absolutely clear, QIC must now commission and pay for a report from a properly qualified expert to determine the cause of the damage to Miss W's home. They should do that by providing Miss W with a list of at least three experts and allowing her to choose one.

They should also ensure that the chosen expert has access to both previous expert reports (their own original surveyor's and the one commissioned by Miss W). And that the expert fully takes into account Miss W's views.

They must also ensure that the expert presents their report in writing. And that the expert determines whether it's necessary to visit the property to conduct their assessment.

As our investigator said, if the conclusion of that report is that the damage *is* caused by subsidence rather than poor workmanship or design, QIC should progress the claim as soon as possible and carry out any necessary repairs to the property.

I should note here that if the damage *is* caused by subsidence, that may have been on-going for some time (and possibly before the inception of the policy). But QIC will be aware that there is an Association of British Insurers (ABI) agreement on subsidence claims, which sets out how such claims should be handled.

As I understand it, in line with the terms of that agreement, QIC may be able to recoup some of the costs associated with the claim from the previous insurer, given that the claim was made within one year of the inception of the policy.

### **My final decision**

For the reasons set out above, I uphold Miss W's complaint.

QIC Europe Ltd must:

- pay for a further expert inspection and assessment of the damage to Miss W's home (in line with the process set out above); and
- if that assessment concludes that the damage is due to subsidence, progress the claim and carry out the necessary repairs as soon as reasonably possible.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 14 December 2022.

Neil Marshall  
**Ombudsman**