

The complaint

Mr S has complained that QIC Europe Ltd (QIC) unfairly reduced the settlement it offered for storm damage under a home insurance policy.

What happened

Mr S contacted QIC to make a claim for storm damage to a flat roof, ridge tiles and internal damage to his home. QIC sent a surveyor to view the damage. Following this, Mr S was offered a cash settlement for the damage. Mr S queried some of the details of the settlement and was then offered an increased amount as a cash settlement. Mr S queried the settlement again. QIC reviewed the claim and said the ridge tiles wouldn't be covered as part of the settlement and reduced the cash settlement offered to an amount significantly less than the previous two offers it had made.

When Mr S complained, QIC said the damage to the ridge tiles was the result of an issue with the mortar. It said this had resulted in it revising the whole claim in order "*to reflect repair costs to the resultant and internal damages only*", which it would cover under the accidental damage part of the policy. It offered £1,953.83, less the £350 excess and said it would also pay VAT if a receipt was provided.

So, Mr S complained to this service. Our investigator upheld the complaint. She said it wasn't in dispute there was a storm and the evidence provided by Mr S's surveyor was more persuasive and showed the storm was the main cause of the damage. She said QIC should settle the claim and pay £200 compensation for the impact on Mr S.

QIC didn't agree with our investigator as it disagreed with Mr S's surveyor. Our investigator issued a further view on the complaint still upholding it, including highlighting that QIC's surveyor had decided the storm was the main cause of the damage. As QIC still didn't agree, the complaint was referred to me.

I issued my provisional decision on 19 October 2022. In my provisional decision, I explained the reasons why I was planning to uphold the complaint. I said:

When we look at a storm claim complaint, there are three main issues we consider:

- 1. do we agree that storm conditions occurred on or around the date the damage is said to have happened?*
- 2. is the damage claimed for consistent with damage a storm typically causes?*
- 3. were the storm conditions the main cause of the damage?*

We're only likely to uphold a complaint where the answer to all three questions is yes.

It isn't in dispute that there were storm conditions around the time of the damage. Looking at weather conditions, there seem to have been windspeeds of around 70mph. I also think a storm could cause damage to a flat roof and ridge tiles and cause some internal damage. So, I think the answer to the first two questions is yes.

So, I've thought about the third question. QIC has always said it would cover the internal damage. It said it wouldn't cover the ridge tiles. However, following some issues I raised with QIC about its decision on this, it has now agreed to pay for the damage to the ridge tiles. This is because, having reviewed the case again, it is now of the view that the ridge tiles were dislodged by the loose felt on the flat roof rather than an issue with the mortar. I think that is fair.

This leaves the issue of the flat roof and whether this should be covered. I've read the final response to Mr S's complaint. This referred to the ridge tiles and didn't explicitly comment on the flat roof. QIC said it was satisfied the damage wasn't covered due to exclusions for anything that happened gradually. QIC then said:

"I am satisfied that the above exclusions apply to this claim as the ridge tiles de-bonding from the roof due to mortar breakdown indicates wear and tear to the roof over a significant period of time, which has merely been highlighted by the storm winds. Therefore, I am of the opinion that the cause of the damage was the gradual deterioration present at the property and not any storm winds."

When QIC provided its business file to this service, it summarised the claim and said it had offered settlement for the flat roof under the accidental damage part of the policy. It said this formed part of the cash settlement. However, it later explained to this service that the flat roof wasn't covered because of issues with the roof bonding. It said no bitumen had been applied to the flat roof. I queried this with QIC because this seemed inconsistent with other evidence it had provided. QIC then said there was evidence of bitumen around the edge of the roof, but not across the decking. It also provided the scope of works on which it had based the claim settlement. This didn't include the flat roof.

I've thought about this carefully. QIC told Mr S it was declining part of the claim because the ridge tiles had been de-bonded. QIC has now agreed to cover the ridge tiles. So, it can't now decline any of the claim on that basis. That is the only reason it gave Mr S for declining the claim and when QIC provided information to this service, it said the flat roof was covered as part of the claim.

QIC has now said it isn't offering a settlement for the flat roof. Its reasons seem to fall within the exclusion for poor workmanship. It hasn't previously relied on this exclusion and, given everything that has happened on this claim, I currently think it can't fairly do so now. QIC has had multiple opportunities to assess the claim, explain to Mr S what was and wasn't covered and to offer an appropriate settlement. However, it failed to do so. As a result, I currently intend to say that QIC must settle the claim in full.

Mr S was offered a cash settlement for the claim, as QIC said it was unable to carry out the work. I therefore currently intend to require QIC to pay Mr S a settlement based on the highest amount it offered to settle the claim. This was £5682.20. I'm mindful there are likely to have been increases in costs since the quotes were obtained. So, I currently intend to say that QIC should pay £6,000 to allow for this. I also intend to say QIC should pay interest on the claim settlement due to Mr S losing use of that money. If Mr S later provides QIC with an invoice for the works that shows VAT was payable, QIC must also pay the VAT element.

I've also thought about compensation. I think this claim has been poorly and inconsistently handled. QIC built up Mr S's expectations about how this claim would be settled and then at a later stage, having first increased the amount offered, reduced the amount it was willing to pay. QIC also didn't clearly explain why it was declining the claim and seemed unclear about what it was and wasn't covering. Mr S has also explained his concerns about the damage to his home and the impact this was having on him and his family. As a result, I currently intend

to say that QIC should pay £400 compensation for the distress and inconvenience caused to Mr S.

I asked both parties to send me any more information or evidence they wanted me to look at by 16 November 2022. Both parties replied before that date.

Mr S agreed with my decision.

QIC agreed to pay £400 compensation. However, it requested that the issue of the flat roof be re-assessed. It quoted my provisional decision where I said “*QIC has had multiple opportunities to assess the claim*” and said it had done this. It said the attending surveyor had accepted the claim but its in-house surveyor had overturned the decision due to the lack of bitumen on the roof. It was therefore satisfied that the claim was assessed and further reviews had been undertaken throughout the process. It remained of the opinion there was no cover for the flat roof.

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.

Having done so, I’ve decided to uphold the complaint and for the reasons given in my provisional decision. As part of that I’ve considered the points made by QIC, but this doesn’t change my view.

My provisional decision should be read as a whole, but to put the part of it that QIC quoted back in its immediate context of the whole sentence, I said: “*QIC has had multiple opportunities to assess the claim, explain to Mr S what was and wasn’t covered and to offer an appropriate settlement*”. I’m aware of QIC’s assessments of the claim, which differed over time. But, regardless of what it considered internally, it didn’t communicate that to Mr S and, in my view, also didn’t seek to rely on an appropriate exclusion to decline the claim for the flat roof.

The exclusion it relied on to decline the claim was for gradual deterioration, specifically to the ridge tiles. QIC now accepts the ridge tiles should be covered. I haven’t seen evidence that persuades me this was the correct exclusion to rely on for the flat roof. The issues QIC described about the flat roof appear to be poor workmanship. It hasn’t previously sought to rely on this exclusion and, as I explained, I don’t think it can fairly do so now, given the circumstances of this claim and how it was dealt with overall. As a result, I remain of the view that QIC must settle the claim in full.

I still think it is reasonable for QIC to pay £6,000 to settle the claim, plus interest, and for it to pay the VAT element if Mr S provides evidence of this at a later stage. It should also pay £400 compensation.

Putting things right

QIC should pay £6,000 to settle the claim, plus interest. It should also pay the VAT element if Mr S later provides evidence of this. QIC should also pay £400 compensation.

My final decision

For the reasons I’ve given above and in my provisional decision, my final decision is that this complaint is upheld. I require QIC Europe Ltd to:

- Pay Mr S a cash settlement of £6,000.
- Pay 8% simple interest on this amount from the date on which the claim was first made to the date on which QIC makes the payment.
- Pay the VAT payable on the claim settlement, subject to Mr S providing QIC with an invoice for the work showing this.
- Pay £400 compensation for the distress and inconvenience caused to Mr S.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 29 November 2022.

Louise O'Sullivan
Ombudsman