

The complaint

Mr D and Ms H are unhappy with QIC Europe Ltd's (QIC) decision to decline a claim made under their buildings insurance policy.

Any references to QIC include its agents.

What happened

Mr D and Ms H bought their property in February 2022. A few months after they moved in, they said the property started showing signs of cracking, so they made a claim to QIC.

QIC instructed a surveyor. They noted there was damage behind built in wardrobes in one of the bedrooms, cracking to the plaster in several other rooms inside the property and cracking to the external brickwork. QIC declined Mr D and Ms H's claim, saying the damage appeared to in place before the policy began. Unhappy with the response from QIC, Mr D and Ms H complained.

In September 2022, QIC issued its final response. Ms H was unhappy the response and asked QIC to send a second surveyor. QIC said the second surveyor agreed the property was suffering from progressive structural movement. It referred to the exclusion clause of the policy which said it wouldn't be liable for damage that occurred before the policy began.

Unhappy, Mr D and Ms H referred their complaint to this Service. It was considered by one of our investigators who said as the second surveyor's report identified the property was still moving, QIC should carry out some investigations to determine what damage occurred since the policy started. QIC didn't agree, so this matter has been passed to me.

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 doing so, I've reached the same conclusion as the investigator for the same reasons. There isn't any dispute both reports instructed by QIC indicate signs of movement that likely pre-dated the start of the policy. And the cracking is also noted in the mortgage surveyors report.

The issue for me to decide is whether I consider QIC acted fairly in declining the claim on the basis it believed all the damage occurred before the start of this policy. I don't think it did.

It's the comments of the mortgage surveyor which mean QIC feel they should be able to rely on the exclusion for pre-existing damage. However, in considering the information contained in that report, it doesn't make a finding on whether the movement was ongoing or progressive. I don't dispute there is historic damage, but the key issue is whether the property is still moving and has moved since the policy began.

Mr D and Ms H don't dispute there were signs of cracking before they purchased the property. They say the key thing that alerted them to the potential for current movement was the progression of the cracks as the summer of 2022 progressed, as well as when they removed the fitted wardrobes in one of the bedrooms. They say when they noticed the cracks getting worse and made a claim. I don't agree Mr D and Ms H allowed the property to deteriorate before making a claim. In considering the evidence, I'm persuaded by their account they noticed the cracking after the wardrobes had been removed and saw more cracks appear and worsen through the summer. I don't consider QIC is acting fairly in concluding they breached policy terms about not taking care of property.

I note the second report instructed by QIC acknowledges the cracking is longstanding. It also clearly states the structural movement is "*progressive*" and there is an "*active case of subsidence*". Mr D and Ms H's property is still moving, and the report findings indicate damage has occurred since their policy began in March 2022. It does not conclude the movement was historic and stopped before the policy began. Instead, it seems to be clearly set out by the surveyor there is active movement that occurred since the policy began.

On balance, I find myself more persuaded by the findings in the second surveyor report from September 2022. This agrees the damage is longstanding, but also contains what I consider to be the key conclusion the movement is progressive. I don't consider QIC acted fairly in declining Mr D and Ms H's claim on the basis all the damage occurred before the policy began.

To put things right, QIC should reconsider the subsidence claim. It should do this by carrying out site investigations to determine the cause of the movement and then take action to stabilise Mr D and Ms H's property and deal with any new damage. If any repairs to the old damage needs to be carried out to provide a lasting and effective repair, then this should also be dealt with under this claim.

If QIC can clearly show that there are areas of pre-inception damage which don't need to be repaired in order to deliver a lasting and effective repair to the claim related damage, then these areas of pre-existing damage can be excluded from the repairs.

Mr D and Ms H have told us about the stress this matter has caused them. They've said the uncertainty around their home, and the decline of their claim, has caused them significant worry and impacted Ms H's mental health. For this reason, I'm also requiring QIC to pay £200 in recognition of the distress and inconvenience caused by the incorrect declination of their claim.

My final decision

I uphold this complaint. To put things right I require QIC Europe Ltd to:

- carry out the investigation outlined above and carry out any subsequent repairs identified from those investigations.
- I also require it to pay £200 compensation to Mr D and Ms H.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Ms H to accept or reject my decision before 21 March 2023.

Emma Hawkins
Ombudsman