

The complaint

Miss F and Mr K complain about QIC Europe Ltd (“QIC”) about its decision to partially decline their claim, and for the level of settlement it offered. They want QIC to carry out the required repairs or increase the settlement to allow them to engage contractors.

What happened

Miss F and Mr K insured their home with QIC. Their policy included accidental damage to glass or sanitaryware as standard.

In December 2021, Miss F and Mr K accidentally damaged their Belfast sink. An item was dropped onto it and it cracked throughout. The sink was fitted underneath a composite granite style work top.

They lodged a claim with QIC.

QIC sent an assessor to inspect the damage. They accepted that the damage was covered. The surveyor considered that the sink could be removed and replaced without moving the worktop, by dropping down the unit underneath and installing a replacement from underneath.

QIC did not have any available contractor so offered a cash settlement instead. It offered £672.85 minus their excess.

Miss F and Mr K tried to engage contractors privately, but none were willing to do the work in the way recommended by QIC’s surveyor or for a similar price to the settlement. The contractors Miss F and Mr K saw considered it would be necessary to remove the worktop and splashback and reinstall them after fitting a replacement sink and this would be at a much higher cost.

Miss F and Mr K contacted QIC and advised them of this. They asked if QIC could provide a contractor.

QIC declined and repeated its offer of cash settlement.

Miss F and Mr K explained the difficulty and asked that the settlement be increased to reflect the approach to repairs that contractors had been willing to take on. At the same time, Miss F and Mr K reported that the worktop had sustained damage from hot items being put on it while they were unable to use their cracked sink. They explained that the delay was causing them difficulties and inconvenience, and damage was occurring to the unit underneath the sink.

QIC declined to increase its offer and sent a further surveyor out. They considered that the damage to the worktop was due to a latent defect or had been present since the worktop was installed. The surveyor remained of the view that the approach suggested by the original surveyor was workable, and that the settlement offer was reasonable.

Miss F and Mr K complained to us.

Our investigator looked into this matter and considered that the complaint should be partially upheld. He did not criticise the early actions of QIC but felt that once Miss F and Mr K alerted them to the fact that they could not get contractors to do the work, QIC ought to have assisted, or amended its settlement offer to allow the policy holders to have the work done. He did not consider that the additional damage was covered as there was no insured peril. He thought that QIC ought to carry out the repairs, or increase its settlement offer to match quotes Miss F and Mr K could get from contractors. He also thought that QIC should pay to Miss F and Mr K £250 compensation for their distress and inconvenience.

QIC did not accept that view and asked for an ombudsman 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.

QIC has argued that its terms allow it to choose whether to carry out repairs or to cash settle, and that if it chooses to cash settle then it may do so at the sum it would have cost QIC to carry out the repair.

I understand this, but the long-standing approach of this service is that if the business chooses to cash settle, then it must do so at a sum which allows consumers to access a repair at market rates.

I agree with my colleague that the initial approach from QIC was reasonable, but this matter has remained unresolved for too long. Miss F and Mr K acted reasonably in trying to engage contractors to do the work in the way outlined by QIC's surveyor, but contractors were unwilling to do this. The consumers were therefore unable to get a repair in the marketplace using the constraints set by QIC (being the settlement sum and the methodology defined by the surveyor).

When QIC was alerted to the fact that the settlement did not indemnify the consumers, it ought to have reconsidered and either sent its own contractors to do the repair as described, or considered the settlement to match quotes which Miss F and Mr K were able to obtain – using whatever methodology the contractor was willing to do.

QIC's approach to Miss F and Mr K's contact was not helpful and left them unable to replace their sink, which has now been broken for a year. This has caused them daily inconvenience as they cannot allow water into the sink in their kitchen.

I have considered the additional damage which Mr K and Miss F have reported and cannot see that this is clearly consequential to the cracked sink. I also appreciate the view of the surveyor that in his view this separation of join is due to the material or the way it was installed. I therefore do not think this was covered or that QIC ought to carry out specific repairs for this.

I agree with the investigator that QIC must now put matters right. This may be by carrying out the repair itself, or by allowing Miss F and Mr K to submit quotes to ascertain the actual market rate available to them of the repair.

If the contractors who ultimately carry out the repair remove and reinstall the worktop, and this resolves the separation, I do not consider that to be betterment. If the professionals carrying out the repairs determine that removing and reinstating the worktop is the best way to replace the sink then the idea that this may also remedy the worktop damage should not be a barrier to completing the sink replacement.

As a result, I agree with the investigator's view and partially uphold the complaint.

Putting things right

QIC considers that the sum it set out and the approach it advocates are reasonable, and I think QIC should have one final opportunity to demonstrate this and mitigate its costs. QIC should therefore engage its own contractors to carry out the repairs at Miss F and Mr K's home within 28 days of this decision becoming binding.

If QIC fails to, or is unable to, do this, then Miss F and Mr K should seek 3 quotes for the repair to be carried out. These should be on letterheaded paper, or similar electronic document, and they should make clear the work that would be required.

Miss F and Mr K should submit these to QIC, and QIC should then (within 14 days) increase its cash settlement offer to match the lowest of these quotes (minus the policy excess).

I agree that Miss F and Mr K have been caused substantial distress and inconvenience by this delay and I agree that QIC ought to pay to them £250 compensation.

My final decision

For the reasons set out above, I uphold Miss F and Mr K's complaint and direct QIC Europe Limited to:

- Settle the claim for repair of the sink in line with approach set out above; and
- Pay to Miss F and Mr K £250.00 compensation for their distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F and Mr K to accept or reject my decision before 12 January 2023.

Laura Garvin-Smith
Ombudsman