

The complaint

Mrs R complained that QIC Europe Ltd (“QIC”) unfairly declined her claim under her home insurance policy.

What happened

Mrs R made a claim after her outbuilding was significantly damaged in bad weather. After Mrs R contacted QIC several times, it sent a surveyor to review and validate the damage. Mrs R said the surveyor told her the claim would be covered and she should expect a settlement offer in the region of £7,500. Mrs R said the surveyor had told her although the shed was old it had been in a good, functioning order.

However, QIC finally decided to decline the claim. It’s in-house surveying team had reviewed the report produced by the surveyor and photographs that had been provided. The in-house surveyor said *“the outbuilding looks in a very poor condition due to age”* and concluded *“the shed has clearly reached the end of its life as evidenced by the rotten timbers, resulting in the outbuilding losing its structural integrity”*. QIC said the claim was excluded from the policy as it was more likely gradual deterioration of the property was the main cause of the damage. However, as the original surveyor hadn’t managed the claim outcome very well, QIC offered Mrs R £75 for the distress and inconvenience caused.

Our investigator decided not to uphold the complaint. She thought QIC had made a fair decision based upon the evidence provided. She thought QIC had shown it was likely gradual deterioration was the main cause of damage, so had been reasonable to decline the claim in line with the terms and conditions. Mrs R disagreed with our investigator, so the case has been referred to an ombudsman.

My provisional decision

I issued a provisional decision on this on 22 November 2022. I said:

“When our service looks at a storm claim, there are three questions to consider:

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

I will use this structure to work through the complaint. I’m likely to uphold the complaint if the answer to all three is ‘yes’. If the answer to one of the questions is ‘no’, I’m unlikely to uphold the complaint.

Do I agree that storm conditions occurred?

QIC have agreed that storm conditions were present at the time of the incident. Our service has access to weather reports which show the winds at the time were strong, at around 79mph. So, I’ll consider the next question.

Was the damage claimed for consistent with damage a storm typically causes?

I think significant winds of this intensity could cause damage to structures built from timber, so I will consider the next question.

Were the storm conditions the main cause of the damage?

QIC concluded that it didn't think the storm conditions were the main cause of damage to the outbuilding. QIC thought the outbuilding was showing signs of gradual deterioration and thought the storm merely highlighted the poor pre-existing condition of the outbuilding. It therefore said the damage wasn't covered by the policy.

I have checked the policy and it sets out:

- In the event of a storm, QIC doesn't cover "anything that happens gradually", and*
- Under the general exclusions, QIC doesn't cover "any gradual or maintenance related loss or damage" – which includes "wear and tear, gradual deterioration (whether you were aware of it or not), wet or dry rot"*

Therefore, if QIC has shown evidence that it was more likely that gradual deterioration / a pre-existing issue was the main cause of damage, then I'm likely to say it has been fair to decline the claim as the damage caused would be excluded under the policy (so not covered).

Mrs R wasn't happy her claim was declined as she said she was told by the surveyor her claim would be accepted. So, I've looked at the surveyor's report to see what he said. The surveyor said "[the] building was very obviously quite old, but this does not mean that it was necessarily in poor condition. No photographic evidence is available of the outbuilding in recent times but [I] have asked [policyholder] to see if any can be found". The report shows that the surveyor's recommendation was the claim should be covered under the storm peril and estimated the settlement for the damage – however, it is noted "it is unknown the actual state of repair of the structure [pre-loss] but [it] can be noted that was of decent & substantial build".

However, QIC overruled the surveyor's recommendation. It has provided photographs of the damage after the storm. It has highlighted areas of the photographs where it believes there is evidence of deterioration of the outbuilding - it says the bottom of supporting timbers were showing signs of rotting.

I'm not a claims expert, so I must make my decisions based upon the evidence provided. Whilst I understand why QIC's in-house team overruled its surveyor's opinion as it thought the shed looked old, I don't think the age of the shed necessarily proves the pre-existing condition of the shed was poor. I have viewed the photographs QIC has provided and whilst I think rot could've caused the issues, I don't think the photos prove conclusively that the shed was rotten. I think an onsite survey is more persuasive. The surveyor would've been able to examine the materials more closely. The surveyor did comment on the age of the shed, but he hasn't highlighted any deficiencies to it. I think if there was rot, the surveyor would've mentioned it in his report.

Therefore, as I don't think QIC has proven the pre-existing condition of the shed was poor, I think it's more likely the strong winds of the storm were the main cause of the damage. Therefore, I uphold this complaint. I intend for QIC to settle the claim in line with the remaining terms and conditions. I think the compensation QIC has already offered is fair for what has happened during this complaint".

Responses to my provisional decision

Mrs R accepted my provisional decision and didn't have anything further to add.

QIC didn't reply to my provisional 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.

Given neither party has provided any new information, I see no reason to change my provisional decision.

My final decision

My final decision is I uphold the complaint. I require QIC to settle the claim in line with the remaining terms and conditions.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 19 January 2023.

Pete Averill
Ombudsman