

The complaint

Miss T has complained about the poor service she received and delays caused by QIC Europe Ltd when it dealt with a flood claim she made under her home and buildings insurance policy.

All reference to the insurer QIC in my decision includes its agents.

What happened

In October 2021 Miss T's home was damaged by a flood. She made a claim to QIC. Miss T says the initial part of her claim was handled well and drying works were prompt. But she says the service she received from QIC after this was very poor. In summary she complained about its handling of the claim for contents, for buildings, and how it dealt with her being moved into alternative accommodation (AA).

Miss T was very concerned about her living situation as QIC told her the policy provides AA for a maximum of twelve months. In November 2022 Miss T says she was advised by QIC's appointed contractors that works would begin on her home after Christmas 2022.

In response to our request for its business file, QIC made an offer of compensation of £500 for the delays and poor service it had provided during the claim which we forwarded to Miss T.

Miss T didn't accept QIC's offer. Our Investigator recommended Miss T's complaint should be upheld. He thought QIC had caused unnecessary delays and poorly handled the claim. He recommended QIC do the following:

- Increase the compensation offered to £900 for the distress and inconvenience caused.
- Provide the option of AA for a further four months in light of the delays caused.

As the SOW hadn't been finalised as at November 2022, the Investigator explained that Miss T would be entitled to raise a new complaint about this with QIC.

Miss T accepted the Investigator's findings. QIC agreed to pay £900 compensation. But it said Miss T was responsible for some of the delays as it was waiting for her to obtain a quote from a builder before deciding whether to accept a cash settlement offer or use their appointed contractors. So it said it would cover the costs of AA for a further two months.

The Investigator explained that part of the delay was caused by QIC's Scope of Works (SOW) requiring amendment and so it was difficult for Miss T to obtain an accurate quote to know what decision to make.

QIC didn't agree. It said the SOW will be amended throughout the life of a claim such as this one. As it doesn't agree, it wants an ombudsman to decide.

Miss T has provided further information on 16 January 2023 to support her complaint which I've reviewed.

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.

I've decided to uphold it in line with the Investigator's recommendations.

I don't intend to set out the timeline provided by both parties in the same level of detail. Miss T has provided substantive information including copies of all emails in the QIC portal and a detailed timeline of events from October 2021.

While it took some time for Miss T to obtain and provide a quote in order to assess whether QIC's cash settlement was fair, overall I think QIC caused unreasonable delays in the handling of the claim. Key parts of its handling were:

- It offered a cash settlement for the contents of the claim for around £8,000 less than it settled - as Miss T disputed its settlement. There was back and forth where it's clear Miss T was unhappy that QIC hadn't included items that should have been when it made its offer. Miss T says she felt pressure to accept a cash settlement even though it didn't include all of her contents. QIC settled Miss T's contents claim in February 2022.
- Following an initial inspection of the property in November 2021, a revised SOW was produced in February 2022. But this was incomplete and due to Miss T's concerns, a Surveyor met with Miss T at the property in April 2022 and a revised SOW was produced.
- In June 2022 Miss T was able to provide a quote from a building contractor for the works. The estimate was substantially more than the cash settlement QIC offered.
- As QIC didn't accept the builder's quote, it was agreed that QIC instructed an approved contractor to arrange repairs.
- QIC say a SOW was finalised for agreement in September 2022 and works began in October 2022. In November 2022 Miss T told us the contractor told her works couldn't begin until 2023. Miss T says she remains unhappy with the condition of her property and the clean out of her fridge and the flooring - before repair works begin.
- Miss T says she had to put in considerable time searching for AA and when she found suitable AA she had to chase QIC for approval. As QIC didn't respond promptly, she says she lost out on AA and had to begin searching again. Miss T says she was in full time work and her time involved in the claim due to QIC's poor service made an already stressful time even worse. Miss T says she had to pay for AA by credit card - and has had to use the contents settlement money to pay for AA while waiting for QIC to approve and reimburse her.

QIC accept that a 'small number' of items were excluded for contents in its initial settlement. However, the difference was approximately £8,000 as QIC's initial settlement offer was in the region of £3,000. And it agrees it caused delays in its handling of AA payments at an already difficult time for Miss T.

It says that if Miss T had opted to use their approved contractors sooner, the works would have begun sooner. However, Miss T was advised by QIC to expect delays if using its contractors due to Covid 19 and Brexit. And QIC accepts that due to its long wait times, it did offer Miss T a cash settlement.

But because the SOW provided by QIC was incomplete and didn't include all of the required works, this made it difficult for Miss T to obtain a quote. When she did, it was for much more than the cash settlement offer and so she sent it to QIC. Because the cash settlement offer wouldn't meet the costs if Miss T used the builder who provided the quote, she agreed to use QIC's contractors- even though her builder was available to start works sooner.

Our Investigator noticed that items originally included in the SOW had been removed, but on Miss T raising her concerns, were reinstated.

QIC says the items were removed as they had originally been included in error and so it was correct to remove them. In an effort to settle the claim, QIC agreed to reinstate them.

However, I think this supports Miss T's concerns as to the reliability and accuracy of the information QIC gave her under its SOW - and so I can understand her worry and distress when trying to make a decision as to whether to accept the cash settlement or wait for QIC's contractors to carry out repairs.

As at November 2022 Miss T was still in AA. This is over a year after she made her claim.

It's reasonable to expect some disruption for this type of claim due to the type of damage a flood causes. And I can see that QIC's policy says it will pay a maximum of 12 months' AA. But in this case I don't think it is reasonable for QIC to apply this term as I think its handling of the claim has been poor. At the outset of the claim, QIC estimated the works would take between 4-6 months to complete.

In response to the Investigator's view, QIC said a SOW will require amendment during the life of a claim. But even taking into account supply issues and the impact of Covid 19 and Brexit - as QIC explain - I don't think it reasonable for QIC to have not finalised a SOW over a year after the damage occurred and to include all relevant items. I understand the drying works were completed, so I think a fair and reasonable outcome is for QIC to extend the AA by four months if necessary from the date of my decision. I don't think it reasonable for Miss T to pay for AA after 12 months as I think she has tried to mitigate her circumstances.

As I've said, dealing with any claim, particularly a flood or fire claim, will inevitably cause considerable disruption and upheaval. But I think QIC's handling of the claim and its delays have caused Miss T distress and inconvenience over and above what would be considered reasonable and over a prolonged period of time.

So I think a fair compensation award to reflect the distress and inconvenience caused to Miss T is £900. I'm therefore upholding Miss T's complaint.

My final decision

My final decision is that I uphold this complaint. I require QIC Europe Ltd to do the following:

- Extend Alternative Accommodation cover for a further four months if required from the date of my decision.
- Pay Miss T £900 compensation for the distress and inconvenience caused.

QIC Europe Ltd must pay the compensation within 28 days of the date on which we tell it Miss T accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

If QIC Europe Ltd considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Miss T how much it's taken off. It should also give Miss T a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 14 February 2023.

Geraldine Newbold
Ombudsman

