

## The complaint

Mrs M and Mr M complain about how QIC Europe Ltd (QIC) dealt with a claim under their home insurance policy for damage to their property caused by bad weather.

QIC use agents to administer the policy and to assess claims. Reference to QIC includes these agents.

## What happened

In February 2022, around the time of Storm Eunice, bad weather caused damage to Mrs M and Mr M's property, affecting tiles on the roof. They tried to contact QIC to tell them about the damage and lodge a claim. But given the number of incidents due to Storm Eunice they were played a recorded message advising them to make repairs to avoid further damage (and any claim would be processed later). As water was getting into their property, they arranged for repairs to be carried out (£960 for scaffolding and £600 for repairs).

Mrs M and Mr M then lodged a claim, along with photographs of the damaged roof and invoices for the scaffolding and repairs. QIC appointed a surveyor to visit and assess the damage. In their report, the surveyor concluded (from a visual inspection of the roof and the photographs provided by Mrs M and Mr M) there was no evidence of any damage from a one-off storm event. Rather, the adverse weather had only highlighted pre-existing issues with the roof. The report also said the surveyor had discussed the claim with QIC and agreed it should be declined due to degrading of the mortar on the verge and ridge of the roof. Based on the report, QIC declined the claim, on the grounds of gradual deterioration (an exclusion under the policy).

Mrs M and Mr M challenged QIC's decision and complained. But QIC didn't uphold the complaint, maintaining their decision to decline the claim. While they accepted there were storm conditions at the time of the incident, they referred to the surveyor's report and the conclusion there was no evidence of one-off storm damage and the bad weather only highlighted pre-existing issues with the roof. They also referred to their in-house surveyor's review of the report and the photographs and the policy exclusion for gradual deterioration.

Mrs M and Mr M then complained to this service. They disagreed with QIC about the condition of the roof before the incident, saying it was in good condition and no damage (nor letting in any water). They'd seen tiles blown from the roof during the storm. They also didn't see how the surveyor could have assessed the damage as due to wear and tear as the roof had been repaired before their visit. They said they'd incurred costs for the repairs (and interest charges for taking out an overdraft to pay for the repairs). They were also unhappy the decline of the claim was only made in April 2022, two months after the incident. They wanted QIC to cover the cost of the repairs as the damage was wholly due to the storm (not wear and tear. They also wanted QIC to waive the policy excess (£350) as compensation for their time pursuing the claim, as well as the overdraft charges and interest they'd incurred.

Our investigator didn't uphold the complaint, concluding QIC had acted fairly and declined the claim in accordance with the policy terms. She concluded there were storm conditions at the time of the incident and the damage was typical of storm damage. However, she noted

the surveyor's report said the damage was due to degradation of the mortar on the verge and ridge, so the storm wasn't the dominant cause of the damage.

Mrs M and Mr M disagreed with the investigator's view and requested an Ombudsman review the complaint. They thought the surveyor saw the repaired roof, so questioned the basis of the conclusion the damage was due to wear and tear. They thought wear and tear wasn't the cause of the damage and the rest of the roof was fine and never leaked. Mr M said his professional experience (a member of the Chartered Institute of Builders) meant he was qualified to have an opinion on the issue.

In my findings, I concluded QIC hadn't acted fairly in declining the claim. Where an insurer relies on an exclusion in the policy to decline a claim (as QIC had done) the onus is on them to show the exclusion applies.

From photographs of the roof, particularly those referred to by QIC, I wasn't persuaded they showed the mortar was in poor condition. The mortar on the verge didn't appear obviously degraded – there wasn't significant cracking or missing mortar. And it remained in place when the tiles have detached. This didn't suggest there was any significant degradation of the mortar referred to in the surveyor's report.

Taking these conclusions into account, then I wasn't persuaded QIC had shown the exclusion applies. And so, they hadn't acted fairly in declining the claim.

Having reached these conclusions, I thought about what QIC should do to put things right. As I concluded they couldn't rely on the exclusion, I thought they should settle the claim in line with the remaining terms and conditions of the policy (including any excess under the policy, as appropriate).

As Mrs M and Mr M had already carried out repairs on the roof, I thought that was reasonable (to avoid further damage). That being the case, it would be reasonable for QIC to reimburse them for the costs incurred, less any policy excess.

Mrs M and Mr M also said they'd incurred overdraft fees and interest from having paid for the repairs. Given my conclusions, I thought it would be reasonable for QIC to recognise Mrs M and Mr M had to pay for repairs that I think they should reimburse. Our usual approach in such circumstances would be to require QIC to pay interest (at a rate of 8% simple) on the cost of the repairs incurred by Mrs M and Mr M from the date they paid for the repairs, to the date they are reimbursed by QIC.

I hadn't seen a figure from Mrs M and Mr M for the fees and interest they say they've incurred, but if they believed the fees and interest incurred was more than the sum from applying interest at 8% simple (and they could evidence this) then I thought it would be reasonable, as an alternative, to use their evidenced costs to put them in the position they would have been had QIC settled the claim. In evidencing their costs under this alternative approach, Mrs M and Mr M would have to show the fees and interest arose directly from paying for the repair costs (and only from the repair costs – not other factors).

I also considered the inconvenience Mrs M and Mr M described when making their complaint. They've asked for the policy excess to be waived as compensation. However, I didn't think this would be reasonable as they'd have paid the policy excess even had QIC accepted their claim. But I think they suffered distress and inconvenience. Taking all the circumstances of the case into consideration, I thought £150 would be reasonable.

Because I reached different findings and conclusions from those of our investigator, I issued a provisional decision to give both parties the opportunity to consider matters further. This is set out below.

*What I've provisionally decided – and why*

*My role here is to decide whether QIC has acted fairly towards Mrs M and Mr M.*

*The main element of Mrs M and Mr M's complaint is that QIC unfairly declined their claim, on the grounds that while there were storm conditions at the time of the incident, they weren't the main cause of the damage. Rather, it was due to pre-existing issues with the roof. Mrs M and Mr M say the roof was in good condition before the incident with no damage.*

*In considering this issue, whether the damage resulted from a storm or from a pre-existing issue, there are three key issues we consider:*

- Do we agree that storm conditions occurred on or around the date the damage is said to have happened?*
- Is the damage claimed for consistent with damage that a storm typically causes?*
- Were the storm conditions the main (or dominant) cause of the damage?*

*On the first question, in their final response QIC say there were storm conditions at the time of the incident, with a highest wind speed of 69 mph. This accords with the weather report they've provided, describing the wind as "Violent storm force gusts around 1400". I've looked at the reports from the weather firm this service uses. For the weather station nearest to Mrs M and Mr M's property, on the date of the incident, the report shows a peak gust of 62 mph and describes the conditions as "Dry Storm". Based on this, I've concluded there were storm conditions on the date of the incident.*

*On the second question, the photographs I've seen show missing tiles at the edge of the roof. Together with Mrs M and Mr M's description of tiles coming off in the storm, I think this is consistent with damage to be expected in storm conditions, particularly high winds.*

*The third question is therefore key, as QIC declined the claim because the cause of the damage was the pre-existing condition of the roof. I've considered this issue carefully, together with the surveyor's report and the review by QIC's in-house surveyor. I've also looked at the photographs of the damaged roof, specifically referred to by QIC in support of their decision to decline the claim. I've also considered what Mrs M and Mr M have said. Taking all these factors into account, I've concluded QIC haven't acted fairly in declining the claim. I'll set out why I've come to this conclusion.*

*Firstly, as a general principle, where a policyholder makes a claim for damage or loss under a policy, the onus is on them to show there was an insured event that caused the damage or loss. In this case, given my conclusions there were storm conditions at the time of the incident, and the damage is consistent with that we'd expect to see in a storm, I think it's reasonable to conclude there was an insured event (storm) that caused damage.*

*However, where an insurer relies on an exclusion in the policy to decline a claim (as QIC have done) then the onus is on them to show the exclusion applies. Looking at the available information and evidence, I don't think QIC have done so in the specific circumstances of this case, so I'll explain why I've come to this view.*

*In their final response, QIC refer to the following policy exclusions, firstly in the General Exclusion section where there's the following exclusion:*

*12. Any gradual or maintenance-related loss or damage*

*Loss or damage as a result of gradual causes including:*

- Gradual deterioration (whether you were aware of it or not)...*

*QIC also refer to a similar exclusion in the Storm section of the policy, where it states: [We don't cover] d. anything that happens gradually."*

*QIC also refer to their surveyor's report, which states:*

*"A visual inspection of the roof and of the Customer's photos showed no evidence of any damage caused by a one-off event of a storm only and in our opinion any adverse weather conditions has only highlighted any pre-existing issues with the roof."*

*"Our surveyor spoke with x at QIC who agreed that the claim should be declined due to the degrading of mortar on the verge and ridge."*

*However, looking at the photographs of the roof, particularly those referred to by QIC, I'm not persuaded they show the mortar was in poor condition. The mortar on the verge doesn't appear obviously degraded – there isn't significant cracking or missing mortar. And it has remained in place when the tiles have detached. This doesn't suggest to me there has been any significant degradation of the mortar referred to in the surveyor's report.*

*Taking these conclusions into account, then I'm not persuaded QIC have shown the exclusion applies. And so, they haven't acted fairly in declining the claim.*

*Having reached these conclusions, I've thought about what QIC should do to put things right. As I've concluded they can't rely on the policy exclusion of gradual deterioration to decline the claim, I think they should settle the claim in line with the remaining terms and conditions of the policy (including any excess under the policy, as appropriate).*

*In this case, Mrs M and Mr M have already carried out repairs on the roof (prompted by a recorded message when trying to contact QIC). I think that reasonable and understandable (to avoid further damage). That being the case, it reasonable for QIC to reimburse them for the costs incurred (£960 for scaffolding and £600 for repairs) less any policy excess.*

*Mrs M and Mr M say they've incurred overdraft fees and interest from having paid for the repairs. Given my conclusions, I think it would be reasonable for QIC to recognise Mrs M and Mr M have had to pay for repairs that I think they should reimburse. Our usual approach in such circumstances would be to require QIC to pay interest (at a rate of 8% simple) on the cost of the repairs incurred by Mrs M and Mr M from the date they paid for the repairs, to the date they are reimbursed for them by QIC.*

*I've not seen a figure from Mrs M and Mr M for the fees and interest they say they've incurred by having to take out an overdraft to pay for the repairs. But if they believe the fees and interest they've incurred is more than the sum from applying interest at 8% simple (and they can evidence this) then I think it would be reasonable, as an alternative, to use their evidenced costs to put them in the position they would have been had QIC settled the claim (by paying the cost of the repairs). In evidencing their costs under this alternative approach, Mrs M and Mr M would have to show the fees and interest arose directly from paying for the repair costs (and only from the repair costs – not other factors).*

*I've also considered the inconvenience Mrs M and Mr M have described when making their complaint. They've asked for the policy excess to be waived as compensation. However, I don't think this would be reasonable as they'd have paid the policy excess even had QIC*

*accepted their claim. But I think they have suffered some distress and inconvenience. Taking all the circumstances of the case into consideration, I think £150 would be reasonable.*

#### *My provisional decision*

*For the reasons set out above, it's my provisional decision to uphold Mrs M and Mr M's complaint in part. I intend to require QIC Europe Ltd to:*

- *Settle Mrs M and Mr M's claim by reimbursing them for the costs they've incurred (£960 for scaffolding and £600 for repairs) less any policy excess.*
- *Reimburse Mrs M and Mr M for the additional costs they've incurred by paying for the repairs. Either by paying interest at a rate of 8% simple on the cost of the repairs, from the date they paid for the repairs to the date QIC reimburse them for the cost. Or reimbursing the overdraft fees and interest (for the same period), if Mrs M and Mr M can provide evidence to support the costs they've incurred.*
- *Pay Mrs M and Mr M £150 in compensation for distress and inconvenience.*

Mrs M and Mr M replied to say they had no further comments. They also provided copies of bank statements showing the payments for the repairs (in March 2022) and the subsequent daily interest charged on the overdraft. The total of these daily charges (to November 2022, when the overdraft was cleared) was £514.73.

QIC didn't respond by the date requested.

#### **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.

My role here is to decide whether QIC have acted fairly towards Mrs M and Mr M.

I've considered Mrs M and Mr M's response. The bank statements indicate daily interest charges on the overdraft totalling £514.73. Applying the alternative of paying interest on the cost of the repairs (£1,560 in total) would be significantly less than the actual daily interest charges, on any period from the date the repairs were paid (March 2022) to any date QIC were to reimburse the cost of the repairs. So (given that QIC have not responded to the provisional decision) I've concluded QIC should reimburse Mrs M and Mr M for the actual daily interest charges incurred. Mrs M and Mr M should provide QIC with copies of the bank statements, to evidence those charges (and their total).

As neither Mrs M and Mr M or QIC made any comments on the other aspects of what I thought QIC should do to put things right (reimburse the cost of the repairs and pay £150 in compensation for distress and inconvenience) then I haven't changed my view on those aspects.

#### **My final decision**

For the reasons set out above, it's my final decision to uphold Mrs M and Mr M's complaint in part. I require QIC Europe Ltd to:

- Settle Mrs M and Mr M's claim by reimbursing them for the costs they've incurred (£960 for scaffolding and £600 for repairs) less any policy excess.
- Reimburse Mrs M and Mr M for the additional costs they've incurred through daily interest fees, totalling £514.73 (as evidenced by copies of bank statements provided by Mrs M and Mr M).
- Pay Mrs M and Mr M £150 in compensation for distress and inconvenience.

QIC Europe Ltd must pay the compensation and reimburse Mrs M and Mr M for the daily interest fees within 28 days of the date on which we tell them Mrs M and Mr M accept my final decision. If they pay later than this they must also pay interest on the compensation and daily interest fees from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 28 February 2023.

Paul King  
**Ombudsman**