

The complaint

Miss R and Miss W have complained about QIC Europe Ltd. They aren't happy about the way it dealt with a claim under their home insurance policy.

What happened

Miss R and Miss W made a claim under their home insurance policy after a storm caused a significant amount of damage to their property. A shed was blown into their oil heating tank causing an oil leak. The tank and the consequential damage and contamination required repair. QIC sent an engineer to look at the damage caused, and the claim was cash settled.

However, when Miss R and Miss W's chosen repairer looked to repair the damage it transpired that the level of damage caused by the leak had been underestimated and so the cost to make good the damage was higher than they first believed. But when Miss R and Miss W asked QIC about this it said it had cash settled the claim and it had paid a sufficient amount to cover the claim. And it wasn't obliged to revisit this now as Miss R and Miss W had chosen to cash settle the claim which was based on what it would cost QIC to pay its contractor. As Miss R and Miss W remained unhappy they complained to this Service.

Our investigator looked into things for Miss R and Miss W and eventually upheld their complaint. He pointed out some ambiguities in their engineer's report and suggested QIC appoint an independent expert to inspect the damage and comment on the points raised by both sides or reconsider the cash settlement following the points raised by Miss R and Miss W's repairer.

As QIC didn't agree the matter has been passed to me for review.

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.

Having done so I think the complaint should be upheld. I know this will come as a disappointment to QIC, but I'll explain why.

I also think it's important to explain I've read and taken into account all of the information provided by both parties, in reaching my decision. If I've not reflected something that's been said in this decision it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless it's relevant to the crux of the complaint.

I don't think it was unreasonable for QIC to rely on its expert in deciding on an appropriate cash settlement figure to be paid to Miss R and Miss W, in line with what it would've paid its own contractor. However, Miss R and Miss W's chosen repairer has clearly identified more work was required as the contamination was more wide reaching than first thought.

I am not an expert in the field and so I have to rely on the information provided. I know QIC don't feel that Miss R and Miss W's repairer's report on what they found and why more work needed to be done is thorough enough, but I think it has raised fair questions. They have raised legitimate questions around the incorrect data that was initially used by QIC's expert and identified other possible contamination areas. Indeed, QIC has acknowledged that there were errors within its expert's report, so it seems sensible that this is revisited. And an independent opinion would be beneficial to move the position forward and I would expect both sides to be bound by its findings. So, if they decide the cash settlement already paid was fair and covered all the required work then I wouldn't expect anything further to happen. And if they were of a different view then I would expect QIC to pay any additional award required.

Given this, I think it would be fair for QIC to choose three possible independent experts and Miss R and Miss W can pick one to undertake the independent review which should avoid further dispute. Alternatively, QIC can simply reconsider the cash settlement payment it has already made and pay for the additional work Miss R and Miss W's contractor has identified. I feel either of these options would be a fair and reasonable way to move the claim and complaint forward and allow a full consideration of all the damage sustained including the level of contamination and possible additional 'hotspots' identified.

My final decision

It follows, for the reasons given above, that I uphold this complaint. I require QIC Europe Ltd to instruct and pay for an independent expert as outlined above. And to pay any further costs identified that flow from the original claim or to reconsider the cash settlement payment it has already made paying for any additional work Miss R and Miss W's contractor has identified.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R and Miss W to accept or reject my decision before 5 July 2023.

Colin Keegan
Ombudsman